S. HRG. 101-1026

NOMINATIONS OF HAROLD B. STEELE, CATHERINE ANN BERTINI, AND BRUCE L. GARDNER

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

THE NOMINATIONS OF HAROLD B. STEELE, OF ILLINOIS, TO BE A MEMBER OF THE FARM CREDIT ADMINISTRATION BOARD, FARM CREDIT ADMINISTRATION; CATHERINE ANN BERTINI, OF ILLINOIS, TO BE AN ASSISTANT SECRETARY OF AGRICULTURE FOR FOOD AND CONSUMER SERVICES; AND BRUCE L. GARDNER, OF MARYLAND, TO BE AN ASSISTANT SECRETARY OF AGRICULTURE FOR ECONOMICS

OCTOBER 3, 1989

Printed for the use of the
Committee on Agriculture, Nutrition, and Forestry

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NOMINATIONS OF HAROLD B. STEELE, CATHERINE ANN BERTINI, AND BRUCE L. GARDNER

TUESDAY, OCTOBER 3, 1989

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC.

The committee met, pursuant to notice, at 2:35 p.m., in room SR-332, Russell Senate Office Building, Hon. Patrick J. Leahy (chairman of the committee) presiding.

Present or submitting a statement: Senators Leahy, Lugar, Dole, and Gorton.

Also present: Senator Dixon and Representative Madigan.

STATEMENT OF HON. PATRICK J. LEAHY, A U.S. SENATOR FROM VERMONT

The CHAIRMAN. Good afternoon.

Today we are here to consider the nominations by President Bush of three individuals for important agricultural positions. Harold Steele has been nominated to be a member of the Farm Credit Administration Board, Farm Credit Administration; Catherine Ann Bertini has been nominated to be an Assistant Secretary of Agriculture for Food and Consumer Services in the Department of Agriculture; and Bruce Gardner has been nominated to be an Assistant Secretary of Agriculture for Economics.

These are obviously important posts, and we are here to listen to the views of the nominees on how they will carry out their duties.

If confirmed, of course, the committee expects you all to cooperate with Congress, and be forthcoming with the information and assistance we seek. We expect you to actively encourage the men and women of the Department, especially those under you, to do likewise.

Upon confirmation I must emphasize the importance of working together with Congress to prepare long lasting, flexible programs, such as commodity programs, and a full range of nutrition, food safety, and school lunch programs.

I would also like to point out that the committee has moved quickly with these nominations. Mr. Gardner's nomination was received less than a week ago; Ms. Bertini's was received less than 2 weeks ago; and the administration did not provide some of the nominees' disclosure statements, FBI reports, and other materials until the very end of last week. We worked on them throughout the weekend to get them ready.

In fact, we had planned to review a fourth nominee today but could not do so because we did not receive the necessary nomination materials from the White House.

We have shown that once we get such material we can move very quickly, but obviously we can't move without it, and I would encourage the White House to move some of these nominations up here. It would help us a great deal in getting these out.

That is sort of the complaint you hear in virtually every other committee today—there seems to be some sort of a log jam. They have nominated a number of good men and women in a number of different departments. I guess they are being sent up here, and we are ready to work on them, but the Senate will be going out at some time in late November or early December, and any names that are not up here will get held over, of course, to the early part of next year.

We have a statement from Senator Dole for the record. Without objection the statement is received for the record.

[The prepared statement of Senator Dole follows:]

PREPARED STATEMENT OF HON. ROBERT DOLE, A U.S. SENATOR FROM KANSAS

NOMINATION HEARING ON CATHERINE A. BERTINI, OCTOBER 3, 1989

I am very pleased to welcome Catherine A. Bertini, President Bush's nominee to be the Assistant Secretary of Agriculture for Food and Consumer Services. The President has made an excellent choice in naming Ms. Bertini to this position.

Ms. Bertini comes to us from the Department of Health and Human Services, where she served as Director of the Office of Family Assistance and, most recently, as Acting Assistant Secretary for the Family Support Administration. In addition to her work at the Department, Ms. Bertini has a distinguished record of government service and civic involvement in both Illinois and New York.

As a longtime member and former chairman of the Senate Nutrition Subcommittee, and as a committed supporter of Federal nutrition programs, I attach great importance to the position to which Ms. Bertini has been nominated. The food assistance programs administered by the Assistant Secretary for Food and Consumer Services are a mainstay for the most vulnerable members of our society: low-income children, mothers, and elderly.

Ms. Bertini's background makes her eminently suited to assume responsibility for our Federal nutrition programs. Through her work at the Department of Health and Human Services and in State and city government, she has developed an understanding of the needs of children and low-income individuals. She has also had practical experience in administering public assistance programs. Finally, throughout her career she has demonstrated a willingness to consult with all interested parties on an issue and to be accessible to those affected by policies and programs with which she is involved.

I look forward to working with Ms. Bertini on nutrition and food assistance issues, and, again, I commend the President on his decision to nominate her to this position.

The CHAIRMAN. The first person we have is Harold Steele, of Illinois, who has been nominated to be a member of the Farm Credit Administration Board.

I know Senator Dixon and Congressman Madigan are going to come over to speak about you, but I would ask, Mr. Steele, if you would come forward, please, so we can administer the oath. Would you raise your right hand?

Do you solemnly swear that the testimony you give before this committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. STEELE. I do.

[The biographical information (public), financial data and conflict of interest (public), and financial disclosure report of Mr. Steele follow:]

Rural Route #2
Princeton, IL 61356

September 8, 1989

HAND DELIVER

Christine Sarcone
Chief Clerk
Senate Committee on Agriculture,
Nutrition, and Forestry
328A Russell Senate Office Building
Washington, DC 20510

Dear Ms. Sarcone:

By direction of Senator Leahy, Chairman of the Committee on Agriculture, Nutrition, and Forestry, enclosed please find a notarized original and five copies of my Questionnaire for Nominees, which is submitted to assist the Committee in its consideration of confirmation of my nomination as Chairman of the Farm Credit Administration Board.

Sincerely,

Harold B. Steele/cmu

Harold B. Steele

HBS:cmu
Enclosures

QUESTIONNAIRE FOR NOMINEES

BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used).

   Harold Baker Steele

2. Address: List current place of residence and office address(es). List all office and home telephone numbers where you may be reached.

   RR #2
   Princeton, IL 61356
   (815) 643-2244

3. Date and place of birth.

   July 8, 1922
   Sublette, IL
   (Lee County)

4. Marital Status (include maiden name of wife or husband's name). List spouse's occupation, employer's name and business address(es).

   Married Margery Whiteley - 1946
   Homemaker - keeps farm account records for family farm

5. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.

   University of Illinois - 1940-1943
   The Infantry School, Fort Benning, Georgia
   Officer Candidate School - Graduated, Commissioned Second Lieutenant, October 3, 1944

6. Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college; include a title and brief job description.

   a. 1948-1970 - Farmer. Responsible for labor, capital and management of a grain and livestock production operation varying in size from 220 to about 1,000 acres. Produced corn, oats, hay, hogs (farrow to finish), cattle (feeders purchased to feed for slaughter) and lambs (feeders purchased to feed for slaughter).

b. 1970-Present - Farm Owner. Family farm and rented acres consisting of 665 acres managed by our son Greg. Producing corn, soybeans, wheat and about 10,000 hogs (farrow to finish) per year.

c. 1970-1983 - President and Chief Executive Officer of the Illinois Agricultural Association ("IAA") ("Illinois Farm Bureau") and its wholly owned business subsidiaries. The IAA is responsible for maintaining and developing programs for farmer members in legislation, information and marketing. It also represents its members in public relations and with other organizations. The IAA has a staff of about 250 and a membership exceeding 300,000.

d. 1974-Present - Green Prairie Products - President, Family Farm Corporation, producing corn, soybeans, wheat and hogs for market.

e. 1984-Present - Midwest Financial Group, Inc. - Member of Board of Directors of a holding company owning commercial banks operating in various communities in northern and central portions of Illinois.

f. 1985-1988 - Agrarian Management Corporation - Member of Board of Directors of a business entity established for the purpose of discovery of a means to inject equity capital into certain farming operations that were in financial difficulty.

g. 1989-Present - Illinois Agricultural Leadership Foundation - Member of Board of Directors. A not-for-profit educational organization established to enhance the leadership experiences of men and women involved in agriculture and agri-business.

h. 1984-Present - Illinois Society of Scientific Surveyors - Member of Board of Directors. A not-for-profit society organized to promote and enhance the long time existing Illinois Natural History Survey, Illinois Geological Survey and Illinois Water Survey.

i. 1971-1983 - American Farm Bureau Federation - Member of Board of Directors (1971-1983) and member of Executive Committee (1982-83). A not-for-profit membership association comprised of state farm bureau organizations established to represent farmers and ranchers in legislation, information and marketing on a national basis.

j. 1970-1983 - Country Companies Insurance and Investment Group - President (Chairman of the Board) (affiliated with Illinois Farm Bureau) of each of companies which comprise this group, which offers a full line of insurance products and financial services to members of the Illinois Farm Bureau and others in Illinois as well as in approximately 15 other states.

k. 1971-1983 - Illinois Agricultural Trust Company - President (Chairman of the Board) (affiliated with Illinois Farm Bureau). This company provides management and advisory services on diversified investments, farm operations and management, and trust services for members and others in state of Illinois.

l. 1956-Present - Bureau Valley Country Club - Member of Board of Directors and President of Social Organization structured under not-for-profit statutes in Illinois.

m. 1977-1979 - National Livestock and Meat Board - Member of Board of Directors. Organized to perform research, publicity and factual data for the red meat industry.

n. 1975-1982 - National Producers Livestock Association - Member of Board of Directors. Performs certain services and functions to strengthen the livestock cooperative member companies role in buying and selling livestock from and to livestock farmers and others.

o. Illinois Judicial Inquiry Board of Directors. Appointed by Governor Richard B. Ogilvie as a member of the "watch dog" body to receive or initiate complaints, conduct investigations, and make recommendations regarding conduct and procedures of members of the Illinois judiciary.

7. Military Service: Have you had any military service? If so, give particulars, including the dates, branch of service, rank or rate, serial number and type of discharge received.

Yes
Enlisted in Army Reserves September 8, 1942
ROTC - University of Illinois, 1940-1943
Active Duty - June 1943 - October 1944
CPL - Infantry
Discharge - Honorable - ASN - 16118242
Active Duty - October 1944 - August 1947
Captain Infantry - ASN - 0926401

Decorations: Silver Star, Purple Heart, Combat Infantrymans Badge, European Threatre of Operations with 2 Battle Stars, Army Commendation Citation, American Defense Ribbon and Victory Medal.

Combat: Rifle Platoon Leader

Army of Occupation: December 1945 - February 1946 - Assistant Inspector General, 83rd DIV., U.S. Forces, Austria
February 1946 - March 1946 - Assistant Provost Marshall, Hq. U.S. Forces, Austria
March 1946 - June 1947 - Chief Agent Criminal Investigation, U.S. Forces, Austria.

Inactive Duty: August 1947 - April 1953
Discharge - Honorable

8. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service grade levels and whether such positions were elected or appointed.

None

9. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.

1984 - Recipient of the University of Illinois, Board of Trustees, Distinguished Service Medallion Award
1977 - Honorary Doctor of Law Degree, Illinois Wesleyan University
1979 - Honorary Doctor of Science Degree, Western Illinois University
1970 - Master Farmer Award by Prairie Farmer Magazine
1956 - Outstanding Young Farmer of Illinois by Jaycees
1976 - Honorary Lifetime Member of Illinois Association of Vocational Agricultural Teachers
1983 - Honorary Lifetime Member of Illinois Farm Managers and Rural Appraisers

10. Other Memberships: List all organizations to which you belong, excluding religious organizations.

    a. Illinois Agricultural Association and Bureau County Farm Bureau
    b. Bureau Valley Country Club
    c. Illinois Pork Council
    d. American Association of Retired Persons
    e. National Geographic Society
    f. Farm House Fraternity

11. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include on this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you could provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry or commodity futures policy or related matters.

    None

12. Health: What is the present state of your health?

    Very good

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?

   No. Will eliminate all such relationships which may create a conflict upon confirmation by U.S. Senate. See Question 11.

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, incompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.

   None

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation.)

   Yes. A corn, soybean, wheat and pork production complex consisting of 665 acres and producing about 10,000 market hogs per year from a farrow to finish unit. The operation is located 5 miles NE of Princeton, Illinois. (Dover Township, Bureau County)

4. Have you, or any partnership or closely held corporation in which you have an interest, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the past five years.)

   No

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or cosigned a note to the Farmers Home Administration? (If yes, give details of any such loan activity during the past five years.)

   No

6. Have you, or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program? (If yes, give details.)

   No

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government? (If so, explain.)

   No, except as a shareholder of my family farm corporation.

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service? (If yes, give details.)

   Yes. Return to the family farm and participate in its operations.

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, please specify.)

   No

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.

    President, Green Prairie Products, Inc., Member, Board of Directors, Midwest Financial Group.

11. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

    I will immediately resign from all organizations that may pose a conflict of interest threat.

United States
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

August 21, 1989

Honorable Patrick Leahy
Chairman
Committee on Agriculture,
Nutrition and Forestry
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Harold B. Steele. President Bush has announced his intent to nominate Mr. Steele to the position of Chairman of the Farm Credit Administration Board.

We have reviewed the report and have also obtained advice from the Farm Credit Administration concerning any possible conflict in light of the FCA's functions and the nominee's proposed duties. The Ethics Official at FCA has indicated on the report those steps Mr. Steele intends to take upon confirmation in order to avoid any actual or apparent conflicts.

Based upon these commitments, I believe Mr. Steele is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Frank Q. Nebeker
Director

Enclosure

5 U.S.C. App. (as amended)
5 CFR Chapter XIV
U.S. Office of Personnel Management

Financial Disclosure Report

Form Approved
OMB No. 3206-0182

Reporting Status (Check Appropriate Box)			Agency Use Only	OGE Use Only	Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
☐ Incumbent	☒ New Entrant, Nominee, or Candidate	☐ Termination Filer		AUG 14 1989		

Reporting Individual's Name	Last Name: STEELE	First Name and Middle Initial: HAROLD B.
Position for Which Filing	Title of Position: Chairman	Department or Agency (If Applicable): Farm Credit Administration Board
Location of Present Office	Address (Number, Street, City, State and ZIP Code): R. R. #2, Princeton, IL 61356	Telephone No. (Include Area Code): (815) 643-2244
Position(s) Held With the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held: None	

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination:	Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☐ No

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief	Harold B Steele	July 28, 1989
Other Review (If desired by agency)	Signature of Other Reviewer	Date (Month, Day, Year)
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official	Date (Month, Day, Year)
The information contained in this report discloses no conflict of interest under applicable laws and regulations.	Charles R. Rowe	8/11/89
Office of Government Ethics Use Only 8/11/89	Signature	Date (Month, Day, Year)
	Frank Q. Mechelay Jr.	8/21/89

Reporting Periods

Incumbents: Complete Schedules A, B, C, and Part I of D. The reporting period is the preceding calendar year except for Part II of Schedule C and Part I of Schedule D where you must also include any positions held or agreements or arrangements made from the beginning of the filing year until the date you file.

Termination Filers: Complete Schedules A, B, C, and Part I of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination.

Nominees, New Entrants and Candidates for President and Vice President: Complete Schedules A, C, and D. (Candidates do not file Part II of Schedule D.)

- **Schedule A**—The reporting period for Income (BLOCK C) and Transactions Test (BLOCK D) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part I** (Liabilities)—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part II** (Agreements and Arrangements)—Show any agreements or arrangements as of the date of filing.
- **Schedule D**—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

If confirmed, Mr. Steele has agreed he will resign as president, Green Prairie Products. He will resign as director, Midwest Financial Group and divest himself of his stock in Midwest Financial Group. He will resign as director, IL Society of Scientific Surveys and IL Agriculture Leadership Foundation.

C. R. Row

Acknowledged: H B S
H. B. S.

26 July 89
Date

(Check box if comments are continued on the reverse side) ☐

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13

SF 278 (Rev. 1/95)
Final Computer 7.34
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0001

Reporting Individual's Name		Page Number		Schedule
HAROLD B. STEELE	**Assets and Income**		2	A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources			BLOCK B Valuation of Assets								BLOCK C Income															BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐			Category of Value (X)								Type of Income (X)						Other (Specify Type)	Category of Amount of Income (X)								Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	If yes, complete Schd. B Part 1 for those assets including those sold for a loss.	
			None (or less than $1001)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000	Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust		None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000			YES	NO
	Examples	X Y Z Common Doe Jones & Smith, Hometown, USA			X				X						partnership income			X						$50,000		X	
1		220 a. cropland, Princeton, Bureau Co., IL 61356 pork production facilities						X		(1) X					(2) crop sales								(1) X	(2) $53,749			
2 S		212 a. cropland, Princeton, Bureau Co., IL 61356 pork production facilities						X		(1) X					(2) crop sales								(1) X	(2) $43,387			
3		125 s/s Midwest Financial Group, 301 S. Adams, Peoria, IL 61631			X					X					director fees		X							$13,100			
4 S		125 s/s Midwest Financial Group, 301 S. Adams, Peoria, IL 61631			X					X							X										
5		250 s/s Thompson Interior Systems, 4301 Vineland Rd., Orlando, FL 32811 (Carpet &		X	furniture)					X							X										
6 S		250 s/s Thompson Interiors Systems, 4301 Vineland Rd., Orlando, FL 32811 (Carpet &		X	furniture)					X							X										
7		463 s/s Green Prairie Products R.R. 2, Princeton, IL 61356						X		X						X											
8 S		463 s/s Green Prairie Products R.R. 2, Princeton, IL 61356						X		X		•			sec./treas. salary	X											
9		Farm Machinery & Equipment, R.R. 2, Princeton, IL 61356				X					X								X								
10		Money Market, Country Capital 1701 Towanda Ave., Bloomington, IL 61701			X							X								X							

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278 203

SF 278 (Rev. 1/95)
Filer Chapter 734
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0747

Reporting Individual's Name	Assets and Income	Page Number		Schedule
HAROLD B. STEELE			3	A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the **actual amount** of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

	BLOCK A Assets & Income Sources Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐	BLOCK B Valuation of Assets Category of Value (X)							BLOCK C Income Type of Income (X)							Other (Specify Type)	Category of Amount of Income (X)									Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	BLOCK D Transactions Test If yes, complete Sched. D Part I for those assets including those sold for a loss.	
		None (or less than $1001)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000		Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust		None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000			YES	NO
S or DC	Examples																										
	X Y Z Common				X				X									X								X	
	Doe Jones & Smith, Hometown, USA			X											partnership income									$50,000			
1	Museum Collection-Primitive Princeton, IL 61356				X										No Income	X								0			
2	American Farm Mtg., 6100 Dutchmans Lane, Box 7497, Louisville, KY 40207	X													Honoraria									$700	May 16,17 18, 1989A		
3	Checking Account, Citizens First Nat'l Bk., Princeton, Harold & Margery Steele	IL	X								X						X										
4	Checking Account, Citizens First Nat'l Bk., Princeton, Steele Farms	IL		X							X							X									
5	Social Security														Annuity									$756/month			
6 S	Social Security														Annuity									$363/month			
7																									J		
8											•														*3 day information conference		
9																											
10																											

PREVIOUS EDITION USABLE

278 369

SF 278 (Rev. 1/95)
Part Chapter 73
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0001

Reporting Individual's Name

HAROLD B. STEELE

Page Number	4	Schedule B

Part I
Transactions NOT APPLICABLE

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

S or DC	Example	Identification of Assets	Type of Transaction (X) Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (X) $1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000
	Example	X Y Z Common	X			2/1/83		X			
1											
2											
3											
4											
5											
6											

Part II NOT APPLICABLE
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) in-kind gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. **Exclude** transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), **exclude** gifts from relatives and **exclude** gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE ☐

S	Example	Source (Name and Address)	Brief Description	Value
	Example	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$500
	Example	Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125
1				
2				
3				
4				
5				
6				

PREVIOUS EDITION USABLE

278 108

SF 278 (Rev. 1/85)
Final Chapter 7 to
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0567

Reporting Individual's Name

HAROLD B. STEELE

Page Number	5	Schedule C

Part I
Liabilities

All Filers: Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out, loans secured by automobiles, household furniture or appliances, and liabilities owed to relatives. See instructions for revolving charge accounts.

NONE [X]

		Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (X) $10,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
S or DC	Examples	First District Bank, Washington, DC	Mortgage on rental property, Rehoboth Beach, Delaware	1981	13%	25 yrs			X		
1		John Jones, 123 J St., Washington, DC	Promissory note	1979	10%	on demand	X				
2											
3											
4											
5											
6											

Part II
Agreements Or Arrangements

All Filers: Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

NONE [X] CRR

Status and Terms of any Agreement or Arrangement	Parties	Date (Mo., Yr.)
Example: Pursuant to partnership agreement, will receive capital account & partnership share calculated on service performed through 11/83	Doe Jones & Smith, Home town, USA	7/75 partnership agmnt
Receives contributions to premiums for a health insurance plan from the IL Agricultural Association. The insurance carrier is Country Life Insurance Company. Steele pays a premium, association pays a portion. Coverage was obtained when he was an employee of the association and continued after his employment. Per telecon with Steele on 8/11/89. CRR	IL Agricultural Association	Early 1970s

PREVIOUS EDITION USABLE

278-108

SF 278 (Rev. 1/93)
278 Chapter 734
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0001

Reporting Individual's Name
HAROLD B. STEELE

Page Number	6	Schedule D

Part I
Positions Held Outside U.S. Government

All Filers: Report any positions held during the applicable reporting period. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities or those solely of an honorary nature.

NONE ☐

Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples: Nat'l Assn. of Rock Collectors, NY, NY / Doe Jones & Smith, Hometown, USA	Non-profit education / Law firm	President / Partner	6/82 / 7/75	5/83 / 11/83
Green Prairie Products, Inc., R.R. #2, Princeton, IL 61356	Farming - corn, soybeans, wheat, pork	President	1/88	Present
Midwest Financial Group, Inc., 301 S.W. Adams, Peoria, IL 6163[illegible]	Holding company of commercial banks	Director	4/84	Present
IL Society of Scientific Surveys, 319 West Cook, Springfield, IL 62704	Not-profit education water, geologic & nat'l history	Director	6/85	Present
Agrarian Management Corporation, 10 S. Riverside Plaza, Chicago, IL 60606	Equity Capital in agriculture (no longer exists)	Director	1/84	12/88
IL Agriculture Leadership Foundation, 100 S. Campbell, Box 160, Macomb, IL 61455	Not-profit leadership education	Director	1/89	Present

Part II
Compensation In Excess Of $5000 Paid by One Source

Nominees and New Entrants only: Report sources of such compensation received by you or your business affiliation for services directly provided by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any nonprofit organization, when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

NONE ☐

Source (Name and Address)	Brief Description of Duties
Examples: Doe Jones & Smith, Hometown, USA / Metro University (client of Doe Jones & Smith) Hometown, USA	Legal services / Legal services in connection with university construction
Midwest Financial Group, Inc., 301 S.W. Adams, Peoria, IL 6163[illegible]	Director fees for performing duties and responsibilities as a board member and member of audit committee of bank holding company.

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The CHAIRMAN. Please take a seat, sir. I understand you have an opening statement?

Mr. STEELE. Mr. Chairman, I do have an opening statement.

The CHAIRMAN. Please begin.

TESTIMONY OF HAROLD B. STEELE, OF ILLINOIS, NOMINATED TO BE A MEMBER OF THE FARM CREDIT ADMINISTRATION BOARD, FARM CREDIT ADMINISTRATION

Mr. STEELE. Yes, sir, I do thank you for the opportunity of appearing here today.

I have known the Farm Credit System as a farmer/borrower, and stockholder, for many years. Also, during my tenure as president of the Illinois Farm Bureau, and as a member of the Board of Directors of the American Farm Bureau Federation, I have closely followed credit issues applicable to farmers and ranchers.

During my term as chairman of the National Commission on Agricultural Finance, I had the opportunity to consider these credit matters from the point of view of borrowers, and representatives of lending institutions, including those in the Farm Credit System.

We are all very much aware of the financial difficulties and hardships recently encountered by the agricultural community, including farmers and ranchers, as well as those engaged in agricultural lending.

Significant progress has been made in addressing many of these problems, but unfortunately there remains some borrowers and lenders who continue in financial jeopardy.

Assisted by the efforts of Congress in amending the Farm Credit Act of 1971, many Farm Credit institutions have made progress in strengthening their financial position, and finding more effective ways of delivering credit to farmers and ranchers.

However, much remains to be done in carrying out the objectives of the Farm Credit Act amendments which have occurred in recent years, and to achieve a proper relationship between FCA and the Farm Credit institutions. Particular attention must be paid in carrying out the regulatory and examination functions of FCA in an effective manner, which permits System institutions to serve their borrowers in a healthy financial atmosphere.

Although FCA must always act as an arm's-length regulator, it must also understand the varied and unique challenges facing the System's cooperatively owned institutions, and establish standards and criteria which permit these institutions to meet these challenges, as well as protect their stockholder borrowers.

I look forward to serving as Chairman of the Farm Credit Administration, if confirmed by the Senate, in attempting to provide the leadership necessary to achieve the missions assigned to this agency by the Congress.

The CHAIRMAN. Thank you, sir.

Senator Lugar, did you have a statement?

Senator LUGAR. I welcome the nominee, and I look forward to raising a question or two, in proper order. Thank you.

The CHAIRMAN. Thank you.

Mr. Steele, as I said earlier, Senator Dixon was at another meeting that he left to come here to speak on your behalf. I yield to Senator Dixon.

STATEMENT OF HON. ALAN J. DIXON, A U.S. SENATOR FROM ILLINOIS

Senator DIXON. Thank you very much, Mr. Chairman.

Mr. Chairman, President Bush has nominated three fine Illinois citizens to serve in his administration. In his nominations of Harold Steele of Princeton, Catherine Ann Bertini of Chicago, and Bruce Gardner of Woodstock, the President has made three very fine selections.

It is indeed a pleasure for me to be able to introduce Harold, Catherine, and Bruce to the Senate Agriculture Committee today.

Harold has been nominated to and designated Chairman of the Farm Credit Administration. His exceptional background makes him extremely well qualified for this important position. Harold has served as the president and the full time executive officer of the 315,000 member Illinois Farm Bureau from 1970 to 1983.

In addition, he brings to this position a vast experience in financial matters. He has been the president of five insurance companies, a trust fund, and various mutual funds, and he also has served on the board of the Midwest Financial Group, the holding company of 19 member banks.

I also have the pleasure of introducing to the committee Catherine Ann Bertini, who has been nominated to be Assistant Secretary of Agriculture for Food and Consumer Services. Since the beginning of this year, Catherine has served as the Acting Assistant Secretary for the Family Support Administration at the U.S. Department of Health and Human Services.

Previously, she served as the Director of the Office of Family Assistance at the Department of Health and Human Services. As her prior record indicates, Catherine possesses the knowledge and experience to enable her to make an important contribution in her new capacity as Assistant Secretary of Agriculture for Food and Consumer Services.

Also, Mr. Chairman, Bruce Gardner, from Woodstock, Illinois, has been nominated to the position of Assistant Secretary for Economics. Bruce brings to this position an excellent blend of academic expertise, as well as top notch practical experience as the Senior Staff Economist for Agriculture to the Council of Economic Advisers.

Mr. Chairman, I am absolutely delighted to recommend very highly to this committee these three very distinguished Illinoisans.

I thank the Chair.

The CHAIRMAN. I have a fair prejudice against too much weight to Illinois——

[Laughter.]

Senator DIXON [continuing]. You think I have put some weight in. Here comes the distinguished Ranking Member of the House Committee on Agriculture, Representative Madigan.

The CHAIRMAN. I think it's an absolute cabal here, an Illinois cabal, but if I have such good friends as Alan Dixon and Ed Mad-

igan here, I will overlook the fact that little States like Vermont are now just being swallowed up, and——

[Laughter.]

The CHAIRMAN [continuing]. Before you arrived here I explained to Messrs. Steele and Gardner and Ms. Bertini that you were at another meeting and that you were actually taking yourself away from it. I appreciate your coming over here. I yield to Mr. Madigan.

STATEMENT OF HON. EDWARD R. MADIGAN, A REPRESENTATIVE IN CONGRESS FROM THE 16TH CONGRESSIONAL DISTRICT, STATE OF ILLINOIS

Mr. MADIGAN. Mr. Chairman, I just wanted to say at the outset, all this talk about weight—I have lost about 25 pounds.

Senator DIXON. And you look wonderful, Ed. Congratulations. Is that what you came here to announce?

Mr. MADIGAN. I lost that weight worrying about the future of the Farm Credit Administration. [Laughter.]

I hope I can keep it off.

Actually, as you know, Mr. Chairman and Senator Lugar, I am here to join with my distinguished senior citizen——

[Laughter.]

The CHAIRMAN. Do you guys practice this? I don't know what it would be like to be on the same plane when you two head back to Illinois. [Laughter.]

Mr. MADIGAN. That is, senior Senator. Well, I want to join my senior Senator in recommending to you the nomination of our distinguished friend Harold Steele.

Harold lives a few miles outside of my district, but for the better part of my career in public office he has worked in my district as the president of the Illinois Agriculture Association, which is, by another name, the Illinois Farm Bureau.

That organization, in addition to being a farmer membership organization, operates a very significant insurance company and grain trading company, and other business activities, all of which Harold represented as the chief executive officer.

So, he comes to us with a considerable amount of business experience, and certainly a knowledge of agriculture as a working farmer from Tazewell County, and I just can't say enough good about him today, Mr. Chairman.

Thank you for having him here.

The CHAIRMAN. Thank you very much, Congressman Madigan. I know both of you are on a tight schedule; feel free to stay if you want, and feel free to leave if you want, too.

But we have worked together over the years, you on your side of the Capitol, and Dick and I on our side of the Capitol, and your words obviously carry a lot of weight here.

Mr. MADIGAN. Just on behalf of Senator Lugar, I hope you remember—and myself—I hope you remember what it was like to be a ranking member, Mr. Chairman. [Laughter.]

The CHAIRMAN. I never made it up to ranking member.

Mr. Steele, if you are confirmed by the Senate, will you faithfully execute the laws passed by Congress regardless of any prior statements you have made or biases you may have held?

Mr. STEELE. I do.

The CHAIRMAN. And our other standard question is, if your nomination is approved by the committee, and the Senate, do you promise to respond to requests to appear and testify before this committee or any other duly constituted committee of the Senate?

Mr. STEELE. I do.

The CHAIRMAN. I note that in February the National Commission on Agricultural Finance, which you chaired, issued its report containing strong suggestions about reorienting agricultural finance policy in this country. Specifically, the report argued that we should limit "efforts [by government] to keep all who want to farm in farming, regardless of capacity and ability." The report also questioned "why inefficient, nonviable units in agriculture should be supported at taxpayer expense."

You yourself, on releasing the report, are quoted as saying "Agriculture is a business, it is not a way of life" and "we should not disguise a social program under a credit agency"—a reference to the Farmers Home Administration.

Given these views, what assurance can you give this committee that your policies as chairman of the Farm Credit Administration will not discriminate against small farmers, marginal producers, or farmers who have suffered hard times due to drought or other natural disasters?

Mr. STEELE. Well, Mr. Chairman, if I might, for the record, thank very sincerely Senator Dixon and also Mr. Madigan for their introduction. I appreciate that.

In answer to your question, from the point of view of the report of the National Commission on Agricultural Finance, this Commission, of course, was established by the Congress, and the appointees were from the House and Senate, and by the President, and it is true that that report came back to the Congress on the 22d day of February.

In the areas of the report having to do with farmers who were having financial difficulty, one of the things that the Commission very desperately tried to do was to bring to the attention of the Congress the costs involved in many of the programs involving lending institutions with hardship cases.

Also, I think it is very fair to recognize from the point of the Commission, that as the Congress brings into being new laws pertaining to borrowers' rights, those administering loans would be responsible to follow the laws of the land.

As a farmer, Mr. Chairman, recognizing that some of my good friends who were more unfortunate than I, who made one bad decision. That bad decision may well have been to buy an additional 80 acres, and their craftsmanship, their expertise in management in farming is the very best, but one mistake could well sink the economic ship.

And I have great empathy, and I think there are provisions to assist those individuals. Again, a case-by-case decision must be made.

The CHAIRMAN. Do you think Congress should discontinue the direct lending programs of Farmers Home?

Mr. STEELE. It is the decision of the Commission that direct lending through Farmers Home Administration by Government could best be handled through a guarantor system through organizations that lend money—lending institutions.

The CHAIRMAN. Well, as I understood the report, as I read it, it said that perhaps the Farmers Home Administration's role should be limited solely to guaranteeing loans originated by other lenders. Is that your feeling?

Mr. STEELE. I think there is much merit in that consideration.

The CHAIRMAN. Would you recommend to Congress that we discontinue the direct lending programs at Farmers Home?

Mr. STEELE. It would have to be on a phased out program. It couldn't just happen.

The CHAIRMAN. But would that be your recommendation?

Mr. STEELE. I would have to look at it very deeply.

The CHAIRMAN. Do you have a present inclination?

Mr. STEELE. My present inclination is to look at that very deeply. [Laughter.]

The CHAIRMAN. Still, I am looking for your own opinions on this issue. In the report it says that perhaps it should be.

Mr. STEELE. Yes, that is——

The CHAIRMAN. Have you changed your mind since the report was signed?

Mr. STEELE. I have not changed my mind a terribly lot in that area, no.

The CHAIRMAN. You are not——

Mr. STEELE. I say, not a great deal of change of mind has transpired since that report.

The CHAIRMAN. Right. Well, you have served for many years in policymaking areas in farm credit, but you never worked directly as either a banker or a lender.

Now, the Farm Credit Administration gets very complex and very specialized with issues regulating banks and lenders and so on, all the things that make up the Farm Credit System. What kind of expertise do you bring into those technical and complex issues?

Mr. STEELE. While the Farm Credit Administration is responsible in the two key areas that you outline, I bring to you not expertise in the area of being an examiner nor being a regulator, but I do bring to you the expertise of being on a holding company board of 19 banks that has witnessed the examination from the Federal and State agencies that do regulate. I bring with me a great deal of respect for expertise—high expertise—in these areas, because regulation is needed, examination is needed, but it needs to be top quality.

And if the Senate so sees fit to confirm my nomination to the FCA Board, through careful administration I would bring a high degree of honesty and integrity, and cause those examinations to be of the highest quality.

The CHAIRMAN. How likely do you think it is today to have a repeat of one of the financial crises of the mid-1980's in the Farm Credit System?

Mr. STEELE. There is still vulnerability, but not near to the same measure as it was at the time that you outline, in 1985. There are still some farmers that are in financial straits, and indications from some balance sheets that I have seen would suggest that there are some lending institutions that are still not out of the woods.

The CHAIRMAN. The reason I ask this is because we did a lot to improve the Farm Credit System, and Senator Lugar and I well remember—and my staff probably remembers even better—the all night sessions and weekend sessions, to get that legislation through. The FCA is looking a bit better today as a result of that.

I want to know whether those who hold the regulatory reins, whether you are apt to loosen up those reins, because things look a little bit better, or are you apt to keep the reins tight, so we don't get back to the problems of old.

Do you have any feelings on that?

Mr. STEELE. I have very strong feelings, Mr. Chairman.

The CHAIRMAN. Go ahead.

Mr. STEELE. Credit is a very competitive business. Farmers have an opportunity of where they can secure credit, and where they have opportunity they will look for the best opportunity for their particular enterprise, and competition brings a greater keenness, and a greater ability—a greater refinement, and I think regulation is important.

To stay on track of regulations and examinations for the Farm Credit System, in my judgment, we must improve their proficiency to compete with their competition, and I would absolutely not support releasing any hold on regulations.

The CHAIRMAN. I tend to feel the same way. I am not sure we could get the kind of a political coalition together if we had to go back and try to fix the Farm Credit System again. It took a lot of doing this past time, and only on the assumption that we could do it did we get some tight rules in there and keep them there. And so I am pleased to hear your answer.

One last question, and if I have others I will submit them for the record. One program the Congress has looked to with a lot of enthusiasm for its potential to improve the availability of credit to rural America is the new Farmer MAC secondary market for agricultural loans that is a program just in its formative stages now.

But as Chairman of the Farm Credit Administration, you would be responsible for regulating the elements of it. Are you satisfied with the steps being taken to start up the Farmer MAC program, particularly the standards for loan underwriting and certification of pooling facilities which were proposed last June?

Mr. STEELE. I don't know all the details on Farmer MAC. I have read some of the reports. I do believe that the Farm Credit System will have to gain some new muscle and expertise as Farmer MAC does come onboard, because they will be competing with the commercial banks which they historically have not done in these particular areas.

I refer back to your previous question, where I believe it is so important, again, to gain as much high quality expertise as possible, and this is a whole new area, and I think that it is going to be a

great challenge and will bring out the very best in the Farm Credit System, as well as FCA in overseeing it.

The CHAIRMAN. Senator Lugar.

Senator LUGAR. Thank you very much, Mr. Chairman.

Senator GORTON. Mr. Chairman, if you would withhold for just a moment.

I am in the midst of a Defense Conference Committee, and did want to come over here to at least show for this important appointment.

If the chairman doesn't mind, I have some questions which I would like to submit to this nominee in writing, and I would like to say that I hope that we fill this position as rapidly as we possibly can, so that the Administration can get going.[1]

The CHAIRMAN. Without objection, the questions will be received for the record.

Senator GORTON. Thank you, Senator Lugar. I appreciate that.

The CHAIRMAN. I might note that we will keep the record open until the end of the business day today for anybody who does have further questions, but then I would ask that we not go beyond that time, unless it is at the request of either Senator Lugar or myself, because I would like the nominees to get their answers back as quickly as possible so that these nominations can go to the full committee and then on to the floor.

Which addresses your point, which is a very good one.

Senator GORTON. Exactly.

The CHAIRMAN. Senator Lugar.

STATEMENT OF HON. RICHARD G. LUGAR, A U.S. SENATOR FROM INDIANA

Senator LUGAR. Thank you very much, Mr. Chairman. As you have indicated in your response to Senator Gorton, the need for swift action on this nomination is important, and I am grateful that you have called the hearing.

I appreciate, likewise, the quality of the nomination that has come before us. I admire the record of Harold Steele in agriculture.

I simply wanted to raise these questions as a part of the confirmation proceeding and record. Mr. Steele, during the long farm credit deliberations Senator Leahy talked about, in this committee and on the floor, we had considerable debate, both in the markup hearing as well as on the floor and in conference, on the whole business of the merger and consolidation of various elements of the Farm Credit System.

I am sure you, as a sophisticated observer of this process, are aware of those concerns and, likewise of how difficult changes of this nature are to bring about in the field. There are strong reasons why many entities want to maintain their independence, and sometimes there are great difficulties in finding strong hands to take over a unit, or units, that are failing. So, in both ways, it can be difficult.

It is my observation, as one who has paid a lot of attention to the Farm Credit System, and as Senator Leahy and I, and Senator

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[1] See pp. 93 to 94 for the questions of Senator Gorton and the responses of Mr. Steele.

Bond and Senator Boschwitz as a subcommittee chairman, and ranking member, all who have had a special interest in oversight, that the merger situation—the consolidation effort—has not moved as rapidly as we might have wished.

We have talked to others with leadership roles about this, a role such as you would have if confirmed, and they tend to agree that consolidations are slow in occurring. They point out the dilemmas that are involved in bringing off these mergers and consolidations, and we are sensitive to that.

But I would stress at this point, and ask for a concurrent feeling on your part, that this is a time in the Farm Credit System in the United States in which we have real opportunities for progress, and this System still needs to get well.

I think you have generally commented favorably in this regard, and I would concur. There are still a lot of problems out there, and the need to do it now, while we have a strong agricultural economy, and while we have strong agricultural income and at least a slight resurgence of land values and other aspects of underlying assets and collateral—it is just tremendously important.

My concern is if we should have an economic recession in this country at any time, and this repair work to the System is not completed, and weak elements remain in the System, the job of repair and consolidation then would be infinitely more difficult, and ultimately may very well be impossible.

What is your general view, as you have studied in preparation for this responsibility for this hearing, of the consolidation picture, and how can the Board assist in accelerating the progress in this area?

Mr. STEELE. I have two thoughts, Senator Lugar. The first, a number of years ago now, since the votes were taken by the farmer borrowers investors—we received ballots to vote on consolidation, and each of us, as stockholders, looked carefully at the options before us, and it seemed to us, from the farm side, that the proposition was very near to us as farm operators—we had to gain efficiencies to stay in business.

And we read this ballot much the same, believing that the Farm Credit Administration, the Farm Credit System, had taken that responsibility—and of course, as I found out later, directed by Congress to cause certain consolidation to be made—but the people had a vote, and decisions were made to bring efficiencies.

We then saw some of the facilities sold, again, to cut down on overhead. Now, what do we see into the future? It seems to me that there must be a hard look by the FCA with the FCS to see what efficiencies can be brought into being for further consolidation.

Big isn't always better. So I think merely consolidation to enlarge the size isn't always the answer. I think it must be a kind of study to bring out the facts of what will additional consolidation do? And then follow the procedure that Congress has established in voting on the issue, once the decisions are made by the assigned parties.

Senator LUGAR. Well, I think that is probably a good guideline. Let me just carry this further into a specific area, in which the whole Farm Credit situation has had to deal. That is, the problem

that we have of receivership now in the Jackson District following the bankruptcy.

I am advised by staff that the costs of continuing that receivership now are in the range of $7 million per month, and will go on until a plan to consolidate the Jackson District is approved.

There is at least some feeling, as I have talked to persons involved in the Jackson bank situation, that all the parties have at least now been very cooperative in moving things along. I have taken a hard look at that situation and thought progressively or constructively as to how a merger, consolidation, or rearrangement might occur prior to the bankruptcy, to minimize the loss of the resources involved. Currently there is a very considerable drain of resources and it continues.

I am advised, for example, that FCA has at least delayed or blocked in some way, proposals by the Omaha District to buy the assets of the receivership in Jackson. Whether true or not, if so, you may be faced with decisions on that question fairly rapidly. It would be important to know your general feelings about the Jackson situation. Is there any way that you might be able to accelerate the wind-up of that receivership and the drain of resources that is occurring?

Mr. STEELE. Senator Lugar, as I have become more aware of the Jackson condition, since the last several months, and as I have gained more knowledge of the Farm Credit System, I realize this is not going to be a Sunday afternoon picnic. This is a very, very difficult—this is very serious, and if the Senate so confirms me, this will be a very high priority, to determine what the true facts are, and make decisions after the facts are obtained, and in a very expeditious manner.

I would agree with the statements that you have made—decisions have to be made, but I approach it with an open mind, to discover the facts and do what is proper, according to the laws and the regulations.

Senator LUGAR. I appreciate that. One important aspect of these hearings is an opportunity for those of us who really genuinely care about farm credit in this country to send some signals.

Now, the signal I want to send is that, it appears to me too many people in farm credit are moving back into a status of relaxation. The thoughts are that the crisis is past, Congress has passed the bill and the money is forthcoming. My concern is that this good feeling be tempered because in some way this money must be paid back.

Notwithstanding every sound borrower and every sound Farm Credit institution, the casualness with which this is being approached by some persons disturbs me a whole lot. I want to disturb you, and every person who has any responsibility in this.

There still is an old boy network, that we have been operating under, which believes that when we foul out we come and ask the Congress to bail us out, and by golly, we always do so.

Senator Leahy has already gently given the message, but I want to reiterate it. If there are folks out there in farm credit who anticipate the two of us are going to try to galvanize the rest of this committee and the Congress to bail out farm credit again, they are wrong.

You know, people in farm credit had better get the message now, to get all of these consolidations, these mergers, these efficiencies under way, so we on the committee can see some activity.

Now, the trends are good, and I am grateful for that. I look at the status of each one of the districts, as they send in their reports, as well as the System as a whole. We are interested in this, because if we have a System failure we have a significant failure for American agriculture.

At that point, it will be our job, I suppose, to try to help out those in the private banking system to just shore up what has failed altogether in Farm Credit. But we should not have that failure and this is why the consolidation issue is such a serious business to me.

I just want to say with regard to the Jackson situation that we want to see action, and we want to see this wound up. In regard to other situations that I shall not name, for fear for jeopardizing in any way the negotiations going on, we don't what to see other situations reach the Jackson status, and bankruptcy.

So we are counting upon you and others to take on this important challenge. This is why the urgency of your being appointed and confirmed, is so important. We have had gaps in FCA leadership, and we continue to press the administration to push these nominations onward.

I appreciate this chance to bring to you at least a part of my own anxieties, as well as enthusiasms, about this situation. And just in the area of what the chairman has asked you, I hope that you will pledge, not only in an official way but really in a heartfelt way, to stay closely in touch with this committee, and with other relevant committees of the Congress. Communication of that nature is essential and is of the essence as we move through the rocks and shoals of a lot of agenda items still unresolved.

Mr. STEELE. Senator Lugar, I appreciate very much what you have just said. I appreciate very much the way that you said it. I feel very strongly that the farmers and ranchers of this Nation need a strong and healthy Farm Credit System.

I think that it is so important that the administrative people at FCA and the policymakers and the administrators of the Farm Credit System march always to the tune of, all of us are here for one purpose, and that is for the farmers and ranchers that we serve.

Each of those farmers and ranchers are also on a very strict, straight line. If confirmed, this will be the kind of message that I shall try to impart throughout the structure where I have that responsibility.

I also agree with you that we do, as humans, sometimes, when things seem to be pretty nice this day, relax. This is no time for a lending institution to relax, particularly one that is involved in agriculture. Farmers have done a great job in paying off a great deal of their debt, but much more is to be done. This is absolutely not the time. I agree.

Senator LUGAR. Well, thank you very much. Underlining the rapport that I have with your feelings, clearly, we all are here to serve the farmers, the farm families and the farm communities of this country and not the institutions, whether it be banking institu-

tions or others. Those are necessary entities, but only as a service to people.

And clearly, Senator Leahy has probed your thoughts about farmers who are in distress, but if we have no credit system, everybody is going to be distressed, not just a particular group of farmers. All of the farmers of this country have an interest in preserving a sound credit system.

I thank you very much for your testimony.

Mr. STEELE. Thank you.

The CHAIRMAN. I might say, Mr. Steele, I want to emphasize and underscore everything Senator Lugar has said. The Farm Credit System bill came through the committee, notwithstanding all the predictions that it would be impossible, and we got it through within 1 year's time. We did that because Senator Lugar not only involved his own expertise, but his involvement was absolutely essential in putting together the bipartisan coalition necessary. We never would have gotten the legislation through otherwise.

But it took an extraordinary effort on both our parts to keep everybody together, and there were some widely diverse views expressed around this table, some political and some geographical. The reality is that they all have to be considered, and all were validly raised.

But we did move the legislation with a Herculean effort, with the understanding among the other Senators that we would not have to come back and revisit this issue.

I am not sure that all the best efforts of Senator Lugar and I could put together that kind of coalition to do this a second time, and so I have to underscore what he said—we dealt expeditiously here in the Congress with absolute good faith, with the understanding that a lot of the problems we saw then were going to be cleared up, and that applies to you because you are in this company now.

I don't want anybody to think the problems can continue and that we somehow will come in and have another bailout or a minibailout, or something like that—they should disabuse themselves of that thought right now. It is not in the cards.

This committee is going to have its hands full with the problems of the next year and a number of other issues, and we are not about to come back and do a new farm credit bill.

So, get good people to work well for you; if you have people who aren't working well, get rid of them. Just get rid of them, or put someone in charge that will do the job. As you yourself said, "the Farm Credit System is for the farmers and ranchers who benefit by it," and as Senator Lugar has said, "if you don't have a credit system you are not going to have farmers and ranchers out there who can do anything with it."

Mr. STEELE. Mr. Chairman, if I might say, that there is another reason, too. That the Farm Credit System must win, and the reason that they must show greater expertise and make greater accomplishments, and that is to maintain the kind of competitions that exist between lending institutions.

For if Farmer B does not borrow from the Farm Credit System, and goes to a commercial bank, he is still getting a better deal from that commercial bank than if the Farm Credit System wasn't

there—that is called American competition. So there are lots of reasons that we must win.

And also, the safe and sound credit, through the Farm Credit System must be maintained, and for that I would feel a great obligation on my part.

The CHAIRMAN. Thank you.

Do you have anything further, Senator Lugar?

Senator LUGAR. No.

The CHAIRMAN. Mr. Steele, thank you very much, and we hope that you will be able to answer any further questions for the record. When those questions are answered we will bring your nomination quickly before the full committee.

Mr. STEELE. Thank you.

The CHAIRMAN. Thank you, Mr. Steele.

Our next witness is Catherine Bertini.

Would you raise your right hand? Do you solemnly swear the testimony you shall give to this committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Ms. BERTINI. Yes.

The CHAIRMAN. Do I understand you have some members of your family here with you?

Ms. BERTINI. Yes, I do.

The CHAIRMAN. Would you please introduce them so we have them on the record?

Ms. BERTINI. I would like to introduce my husband, Thomas Haskell, who is here with me today.

The CHAIRMAN. It is nice to have you here, sir.

Some day, when you are off writing your memoirs and you go through and pull out the transcript of this nomination hearing, you will want to note that your husband was here with you.

Ms. BERTINI. Yes, sir.

[The prepared statement, biographical information (public), financial data and conflict of interest (public), financial disclosure report of Ms. Bertini follow:]

Opening Statement

Catherine A. Bertini, Designee
Assistant Secretary of Agriculture for
Food and Consumer Services

Before the Senate Committee on Agriculture,
Nutrition, and Forestry

October 3, 1989

Chairman Leahy, Senator Lugar, and Members of the Committee, it is an honor for me to appear before you today as President Bush's nominee to be the Assistant Secretary of Agriculture for Food and Consumer Services. I am also grateful to Secretary Yeutter for his confidence in me and look forward to serving, if confirmed, under his leadership.

It is a special privilege to be appointed Assistant Secretary for Food and Consumer Services with the responsibility to administer food assistance programs that provide access to a more nutritious diet for individuals and families with low incomes. I support President Bush in his commitment to those in need and believe that the Nation's needy deserve the most nourishing food programs we can devise.

I am particularly pleased to have the responsibility of administering the programs that have an impact on so many segments of our society. Through the Food Stamp Program, we are able to increase the purchasing power of eligible, low-income households to a point where they can buy a nutritionally adequate diet. The Child Nutrition programs provide Federal cash and commodity support for nutritious meals served to children in schools, day care and other programs. Eligible low-income pregnant, breastfeeding and postpartum women, infants and young children are provided food packages to meet their special dietary needs through the Special Supplemental Food Program for Women, Infants and Children (WIC) and the Commodity Supplemental Feeding Program (CSFP). The elderly poor of the Nation are assisted by CSFP and the Nutrition Program for the Elderly. Along with food assistance, participants in these programs are also provided with nutrition education to encourage better eating habits.

It has been my privilege to serve at the Department of Health and Human Services for the past two years and prior to that as Commissioner of the Illinois Human Rights Commission. These positions, I believe, provided me with an opportunity to gain a greater appreciation of the needs of the less fortunate and how the government can assist them.

I am pleased to have the opportunity to build on the present operation of Food and Consumer Services programs in consultation with the Congress, States, interested parties, and recipients.

If confirmed, I look forward to working with each of you on the challenges ahead. I will be pleased to answer any questions you might have.

September 28, 1989

Ms. Christine Sarcone
Chief Clerk
Senate Committee on Agriculture, Nutrition, and Forestry
328 A Russell Senate Office Building
Washington, D.C. 20510

Dear Ms. Sarcone:

Enclosed are my answers to the questions forwarded to me by Senator Leahy. If you require any additional information for the committee's consideration, please call me.

Thank you.

Sincerely,

Catherine Bertini
Assistant Secretary-
designate

BIOGRAPHICAL INFORMATION (PUBLIC)
CATHERINE ANN BERTINI

1. Full name (include any former names used).

   CATHERINE ANN BERTINI

2. Address: List current place of residence and office address(es).
   List all office and home telephone numbers where you may be reached.

   9701 LAWSON PLACE, SILVER SPRING, MARYLAND 20901 301 589-5122

   370 L'ENFANT PROMENADE, 6TH FLOOR, WASHINGTON, DC 20447
   202 252-4500

3. Date and place of birth.

   MARCH 30, 1950 SYRACUSE, NEW YORK

4. Marital Status (include maiden name of wife or husband's name).
   List spouse's occupation, employer's name and business address(es).

   MARRIED TO THOMAS E. HASKELL ON APRIL 23, 1988. MR. HASKELL IS A SELF EMPLOYED FREE-LANCE PHOTOGRAPHER. TOM HASKELL PHOTOWORKS, 9701 LAWSON PLACE, SILVER SPRING, MARYLAND 20901.

5. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.

   STATE UNIVERSITY OF NEW YORK AT ALBANY
   SEPTEMBER 1967 - MAY 1971
   BACHELOR OF ARTS DEGREE GRANTED 1975

   CAYUGA COUNTY COMMUNITY COLLEGE
   SUMMER 1969 6 CREDIT HOURS

   HARVARD UNIVERSITY, JOHN F. KENNEDY SCHOOL OF GOVERNMENT
   INSTITUTE OF POLITICS FELLOW FALL 1986

BIOGRAPHICAL INFORMATION (PUBLIC) cont.
page - 2 Catherine Ann Bertini

6. Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college: include a title and brief job description.

1971 STATE OF NEW YORK
OFFICE OF GOVERNOR NELSON ROCKEFELLER
CONFIDENTIAL ASSISTANT
Administrative support responsibilities in the appointments office.

1971-74 NEW YORK REPUBLICAN STATE COMMITTEE
DIRECTOR OF YOUTH ACTIVITIES
Managed statewide party youth programs and campaigns.

1972 NEW YORK STATE YOUNG VOTERS FOR THE PRESIDENT
CHAIRMAN -Managed statewide campaign to reach young voters.

1975-76 REPUBLICAN NATIONAL COMMITTEE
DIRECTOR,YOUTH PROGRAMS
Conducted outreach programs to young people.Advised candidates on reaching young voters.

1976 WORTLEY TO CONGRESS, CAMPAIGN MANAGER
Managed George Wortley's first campaign for US House of Representatives.

1977-87 CONTAINER CORPORATION OF AMERICA
REGIONAL PUBLIC AFFAIRS MANAGER, 1977-79; STATE AND LOCAL PUBLIC AFFAIRS MANAGER, 1979-83; MANAGER, PUBLIC POLICY, 1983-87; VICE-PRESIDENT AND MANAGER, CCA FOUNDATION, 1983-87.
Managed national public policy, government, and community relations programs for major manufacturing company. Directed corporate giving programs. CCA produced paper and packaging and was, at the time, the largest manufacturer of recycled paper in the US.

1979-89 BERTINI FUNERAL HOME, VICE PRESIDENT
Board member of mother's business.

ALL OTHER EMPLOYMENT FOLLOWING CONTAINER CORPORATION OF AMERICA WAS WITH THE GOVERNMENT. PLEASE REFER TO MY ANSWER TO QUESTION 8.

BIOGRAPHICAL INFORMATION (PUBLIC) cont.
page - 3 Catherine Ann Bertini

7. Military Service: Have you had any military service? If so, give particulars, including the dates, branch of service, rank or rate, serial number and type of discharge received. NONE.

8. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service grade levels and whether such positions were elected or appointed.

1967 CITY OF CORTLAND, OFFICE OF THE CHAMBERLAIN, SUMMER AIDE Appointed by Mayor Morris Noss.

1968-71 NEW YORK STATE SENATE, LEGISLATIVE SESSION AIDE
Appointed by State Senator Tarky Lombardi

1968 CITY OF CORTLAND, OFFICE OF THE MAYOR
COORDINATOR, JOB OPPORTUNITIES FOR YOUTH
Appointed by Mayor Morris Noss.
Created and managed first summer job program sponsored by the City.

1969 NEW YORK STATE EMPLOYMENT SERVICE, SUMMER INTERN
Appointed by Governor's Office.
Ran summer youth employment program in Auburn, NY.

1971 NEW YORK STATE, OFFICE OF GOVERNOR NELSON ROCKEFELLER
CONFIDENTIAL ASSISTANT, APPOINTMENTS OFFICE
Appointed by Governor's Office.
Administrative support responsibilities.

1980-85 ILLINOIS STATE SCHOLARSHIP COMMISSION
COMMISSIONER (volunteer service)
Appointed to a five year term by Governor James Thompson.
Commission directed policy on distribution of state student grant funds and management of federal student loan program.

1985-86 INDUSTRY SECTOR ADVISORY COMMITTEE ON PAPER AND PAPER PRODUCTS, MEMBER (volunteer service)
Appointed by Commerce Secretary Balridge and USTR Ambassador Brock.
Discuss trade issues related to the paper industry.

BIOGRAPHICAL INFORMATION (PUBLIC) cont.
page - 4 Catherine Ann Bertini

1985 GOVERNOR'S TASK FORCE ON SCHOOL BOARD GOVERNANCE, MEMBER (volunteer service) Appointed by Governor James Thompson.
Held hearings to review options on oversight of the Chicago public schools.

1985-87 ILLINOIS HUMAN RIGHTS COMMISSION, COMMISSIONER
Appointed by Governor James Thompson.
Adjudicated discrimination cases.

1987 ILLINOIS DEPARTMENT OF TRANSPORTATION, CONSULTANT
Appointed by Secretary of Transportation Baise.
Reviewed opportunities for female and minority contractor involvement in construction projects.

1987-89 US DEPARTMENT OF HEALTH AND HUMAN SERVICES FAMILY SUPPORT ADMINISTRATION, DIRECTOR, OFFICE OF FAMILY ASSISTANCE (SES POSITION)
Appointed by Secretary Otis Bowen.
Managed Aid to Families with Dependent Children Program.

1989-present US DEPARTMENT OF HEALTH AND HUMAN SERVICES FAMILY SUPPORT ADMINISTRATION, ACTING ASSISTANT SECRETARY
Appointed by Secretary Louis Sullivan.
Administer the AFDC, Child Support Enforcement, Refugee Resettlement, and Community Services programs. Direct implementation of the Family Support Act of 1988. Manage staff of approximately 1,000 and a budget of approximately $14 billion. (SES position as "acting").

9. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you have received and believe would be of interest to the Committee.

STATE UNIVERSITY OF NEW YORK AT ALBANY
DISTINGUISHED ALUMNUS AWARD PRESENTED JUNE 1987

HARVARD UNIVERSITY, JOHN F. KENNEDY SCHOOL OF GOVERNMENT
INSTITUTE OF POLITICS FELLOW, FALL 1986

BIOGRAPHICAL INFORMATION (PUBLIC) cont.
page - 5 Catherine Ann Bertini

COMMUNITY SERVICE AWARD
NATIONAL ORGANIZATION OF NEGRO BUSINESS AND PROFESSIONAL WOMEN, CHICAGO CHAPTER 1980

KENNEDY-KING-KENNEDY AWARD
CHICAGOLAND FUTURE BUSINESS LEADERS OF AMERICA 1979

NEW YORK STATE REPUBLICAN'S AWARD FOR THE OUTSTANDING TEEN-AGE REPUBLICAN IS NAMED THE "CATHY BERTINI OUTSTANDING TAR AWARD" First presented 1974.

CORTLAND ELKS CLUB, YOUTH LEADERSHIP AWARD 1967

10. Other Memberships: List all organizations to which you belong, excluding religious organizations.

CHICAGO AREA PUBLIC AFFAIRS GROUP
CAPITOL HILL CLUB
43 WARD REPUBLICAN ORGANIZATION, CHICAGO
JOINT CIVIC COMMITTEE OF ITALIAN AMERICANS, CHICAGO
NATIONAL ITALIAN AMERICAN FOUNDATION

11. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include on this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you could provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry or commodity futures policy or related matters.

NOTHING PUBLISHED, TO MY KNOWLEDGE. NO UNPUBLISHED SPEECHES ON THE TOPICS MENTIONED. HOWEVER, ATTACHED ARE COPIES OF SEVERAL TYPES OF SPEECHES THAT I HAVE GIVEN DURING THE LAST YEAR.

12. Health: What is the present state of your health?

EXCELLENT.

BIOGRAPHICAL INFORMATION (PUBLIC) cont.
page - 6 Catherine Ann Bertini

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?

   YES. HOWEVER, I MAINTAIN A MODEST INTEREST IN THE DEFERRED COMPENSATION AND RETIREMENT PLANS OF THE STATE OF ILLINOIS.

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.

   THE ABOVE MENTIONED DEFERRED COMPENSATION IS PAID OUT TO ME, ACCORDING TO THE STATE'S PROCEDURES, ANNUALLY UNTIL THE FUND IS EXHAUSTED. I EXPECT APPROXIMATELY $1,OOO PER YEAR THROUGH 1992. THERE REMAINS $1200 IN THE STATE OF ILLINOIS RETIREMENT SYSTEM; THIS GENERATES NO INCOME TO ME.

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation.) NO.

4. Have you, or any partnership or closely held corporation in which you have an interest, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the past five years.)
   NO.

5. Have you, or any partnership or closely held corporation in which you have had an interest, ever received a direct or guaranteed loan from or cosigned a note to the Farmers Home Administration? (If yes, give details of any such loan activity during the past five years.) NO.

BIOGRAPHICAL INFORMATION (PUBLIC) cont.
page - 7 Catherine Ann Betini

6. Have you, or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program? (If yes, give details.) NO.

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government? (If so, explain.) NO.

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service? (If yes, give details.) NO.

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, please specify.)
NO.

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.

NONE, WITH THE POSSIBLE EXCEPTION OF THE APPROXIMATELY $4200 MAINTAINED IN THE STATE OF ILLINOIS DEFERRED COMPENSATION AND RETIREMENT SYSTEMS.

11. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

IF I AM CONFIRMED, SECRETARY YEUTTER HAS AGREED TO ISSUE A WAIVER (UNDER PROVISIONS OF 18 U.S.C. 208 (b) ON THE BASIS THAT MY CONTINUING FINANCIAL INTERESTS IN THE STATE OF ILLINOIS ARE NOT SO SUBSTANTIAL AS TO BE DEEMED LIKELY TO AFFECT THE INTEGRITY OF THE SERVICE I WOULD PERFORM.

United States
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

SEP 28 1989

The Honorable Patrick J. Leahy
Chairman
Committee on Agriculture,
Nutrition and Forestry
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Catherine A. Bertini, who has been nominated by President Bush for the position of Assistant Secretary for Food and Consumer Services, U.S. Department of Agriculture.

The report has been reviewed and advice obtained from the Department of Agriculture concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. The Secretary of Agriculture has agreed to issue a waiver for her continuing financial interests in the State of Illinois as outlined in the report and its attachment. Subject to the fulfillment of this commitment, we believe that Ms. Bertini will be in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Frank Q. Nebeker DEC

Frank Q. Nebeker
Director

Enclosure

Financial Disclosure Report

Page 1

Reporting Status (Check Appropriate Box)		Agency Use Only	OGE Use Only	Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
☐ Incumbent	☒ New Entrant, Nominee, or Candidate ☐ Termination Filer		SEP 25 1989	1989	

Reporting Individual's Name	Last Name: Bertini	First Name and Middle Initial: Catherine A.
Position for Which Filing	Title of Position: Assistant Secretary Food and Consumer Services	Department or Agency (If Applicable): U.S. Department of Agriculture
Location of Present Office	Address (Number, Street, City, State and ZIP Code): 370 L'Enfant Promenade, S.W., Sixth Floor Washington, D.C. 20447	Telephone No. (Include Area Code): (202) 252-4500
Position(s) Held With the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held: Acting Assistant Secretary for Family Support, DHHS: 3/24/89 to present Director, Office of Family Assistance, PSA, DHHS: 9/15/87 to 3/24/89	

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Agriculture, Nutrition and Forestry	Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☒ No

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Catherine Bertini	7/17/89
Other Review (If desired by agency)	Signature of Other Reviewer	Date (Month, Day, Year)
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official	Date (Month, Day, Year)
The information contained in this report discloses no conflict of interest under applicable laws and regulations.	William J. Riley Jr.	9/23/89
Office of Government Ethics Use Only	Signature	Date (Month, Day, Year)
	Frank Q. Nebeker Jr.	9/28/89

Reporting Periods

Incumbents: Complete Schedules A, B, C, and Part I of D. The reporting period is the preceding calendar year except for Part II of Schedule C and Part I of Schedule D where you must also include any positions held or agreements or arrangements made from the beginning of the filing year until the date you file.

Termination Filers: Complete Schedules A, B, C, and Part I of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination.

Nominees, New Entrants and Candidates for President and Vice President: Complete Schedules A (except for BLOCK D), C, and D. (Candidates do not file Part II of Schedule D.

- **Schedule A**—The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part I** (Liabilities)—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part II** (Agreements and Arrangements)—Show any agreements or arrangements as of the date of filing.
- **Schedule D**—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

1) per telecon, 9-16-89, R. Walker

attached: Dept of Agriculture ltr dated 9-23-89 1/3

(Check box if comments are continued on the reverse side) ☐

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OP 278 (Rev. 1/87)
FPM Chapter 735
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0001

Reporting Individual's Name		Page Number		Schedule
Catherine A. Bertini	**Assets and Income**		2	A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources		BLOCK B Valuation of Assets								BLOCK C Income													BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐		Category of Value (X)								Type of Income (X)						Other (Specify Type)	Category of Amount of Income (X)								Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	If yes, complete Schd. B Part I for those assets including those sold for a loss.	
S or DC	Examples	None (or less than $1001)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000	Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust		None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000			YES / NO
	X Y Z Commen				X			X									X						--		X
	Doe Jones & Smith, Hometown, USA		X											ptnership Income									$50,000		
1	Mobil Corp. Stock				X			X									X								
2	Skaneateles Savings Bank Stock		X					X							X										
3	Marietta Packaging Corp. Stock		X					X							X										
4	New England Money Market Trust	X								X						X									
5	Citicorp Certificate of Deposit	X								X						X									
6	Investment Portfolio Option Income Fund (IRA)			X						X						X									
7	Condominium Apt. at 512 W. Belden Ave. Chicago IL					X			X		X									X						
8 S	Tom Haskell Photoworks Spouse's income from self-employment as a photographer																								
9																									
10	Merrill Lynch Real Estate Account			X						X						X									

SF 278 (Rev. 1/95)
Final Regulations
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0001

Reporting Individual's Name	Assets and Income	Page Number	Schedule A
Catherine A. Bertini		3	

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets	BLOCK C Income																				BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐	Category of Value (X)	Type of Income (X)							Category of Amount of Income (X)												If yes, complete Schd. B Part I for those assets including those sold for a loss.	
	None (or less than $1001)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000	Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000	Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	YES	NO
$ or DC / Examples: X Y Z Common							X									X								X	
Dow Jones & Smith, Hometown, USA			X										partnership income									$50,000			
1 Federal Government Thrift Savings Plan; Regular		X							X						X										
2 State of Illinois Deferred Comp. Plan #		X											annual payments									$1,950.09			
3 State of Illinois Retirement Plan #		X												X											
4 Skaneateles Savings Bank Account	X								X						X										
5 Citicorp Savings Account		X							X						X										
6																									
7																									
8																									
9																									
10																									

FPM Chapter 736
U.S. Office of Personnel Management

Form Approved
OMB No. 3206-0006

Reporting Individual's Name

Catherine A. Bertini

Page Number	4	Schedule C

Part I
Liabilities

All Filers: Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out, loans secured by automobiles, household furniture or appliances, and liabilities owed to relatives. See instructions for revolving charge accounts.

NONE ☐

	Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (X) $10,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
S or DC	Exam ple First District Bank, Washington, DC John Jones, 123 J St., Washington, DC	Mortgage on rental property, Rehoboth Beach, Delaware	1981	13%	28 yrs.			X		
		Promissory note	1979	10%	on demand	X				
1	St. Paul Federal Savings Bank, Chicago, IL	Mortgage on rental property at 512 W. Belden, Chicago, IL	1980-1988	10.2	29 years		X			
2										
3										
4										
5										
6										

Part II
Agreements Or Arrangements

All Filers: Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

NONE ☐

	Status and Terms of any Agreement or Arrangement	Parties	Date (Mo., Yr.)
Example	Pursuant to partnership agreement, will receive capital account & partnership share calculated on service performed through 11/83	Doe Jones & Smith, Home town, USA	7/76 pinership agmnt.
	Deferred compensation and retirement plan payments from former position will be returned	State of Illinois	1987
	to Ms. Bertini in annual installments of approximately $1000 per year for 5 years. Plan		
	Administrator is the Dept. of Central Management Services of the State of Illinois. All		
	contributions to the plan are considered State assets; participants are considered		
	general creditors of the State. Activity of the plan is overseen by the State Board of		
	Investments. Plan is organized under Section 457 of the IRS Code.		

PREVIOUS EDITION [illegible]

Pub. L. No. 95-521
Pub. Chapter 735
U.S. Office of Personal Management

Form Approved
OMB No. 3206-0060

Reporting Individual's Name

Catherine A. Bertini

Page Number	5	Schedule D

Part I
Positions Held Outside U.S. Government

All Filers: Report any positions held during the applicable reporting period. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities or those solely of an honorary nature.

NONE ☐

Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples: Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/82	6/83
Doe Jones & Smith, Hometown, USA	Law firm	Partner	7/75	11/83
Bertini Funeral Home, Cortland, New York	Funeral Home	Vice President	11/75	7/89
Steppenwolf Theatre Company, Chicago, Illinois	Theatre	Board of Directors	4/85	6/88

Part II
Compensation In Excess Of $5000
Paid by One Source

Nominees and New Entrants only: Report sources of such compensation received by you or your business affiliation for services directly provided by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any nonprofit organization, when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

NONE ☐

Source (Name and Address)	Brief Description of Duties
Examples: Doe Jones & Smith, Hometown, USA	Legal services
Metro University (client of Doe Jones & Smith) Hometown, USA	Legal services in connection with university construction
Illinois Human Rights Commission.	Salary.
Illinois Department of Transportation, Cons. Fee.	

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DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

September 23, 1989

Honorable Frank Q. Nebeker
Director
Office of Government Ethics
1201 New York Avenue, N.W.
Washington, D. C.

Dear Mr. Nebeker:

Enclosed is a copy of the SF 278, Financial Disclosure Report, for Catherine A. Bertini, nominee to serve as Assistant Secretary of Agriculture for Food and Consumer Services, which I have signed as this Department's designated official under the Ethics in Government Act of 1978.

Ms. Bertini served from September 1987 until March of this year as Director of the Office of Family Assistance in the Department of Health and Human Services. Since March, she has served as Acting Assistant Secretary for Family Support, also in the Department of Health and Human Services.

Prior to 1987, Ms. Bertini served as an official of the State of Illinois. As a result, she has received and will continue to receive deferred compensation payments approximating $1,000 per year for a period of five years which commenced in January 1988. Likewise, she has a small financial interest in the State's retirement plan, which presently generates no payments to her and which she plans to leave in the plan for an indefinite period. Contributions to the retirement plan are considered State assets, and participants are considered to be general creditors of the State. Since the duties of Ms. Bertini's position in this Department will involve oversight of the administration of the food stamp, school lunch, and other programs operated cooperatively with all states, including the State of Illinois, steps must be taken to avoid any actual or apparent conflict of interest which may arise as a result of her continued financial interest in the State of Illinois.

In these circumstances, the Secretary of Agriculture has agreed, upon her confirmation and appointment to the Assistant Secretary position, to issue Ms. Bertini a waiver

under the provisions of 18 U.S.C. 208(b), on the basis of his conclusion that her continuing financial interests in the State of Illinois are not so substantial as to be deemed likely to affect the integrity of the services which she will perform as Assistant Secretary of Agriculture for Food and Consumer Services.

On the basis of the information contained in her Financial Disclosure Report, and considering the Secretary's determination to issue a waiver under the provisions of 18 U.S.C. 208(b) regarding her continuing financial interests in the State of Illinois, I believe that Ms. Bertini's appointment to serve as Assistant Secretary of Agriculture for Food and Consumer Services will give rise to no actual or apparent conflict of interest under applicable laws and regulations.

Sincerely,

William J. Riley, Jr.

WILLIAM J. RILEY, JR.
Director of Personnel
and
Designated Agency Official

The CHAIRMAN. I understand you have an opening statement. I am sorry. Would you feel free to go ahead with that?

Ms. BERTINI. Yes, thank you.

TESTIMONY OF CATHERINE ANN BERTINI, OF ILLINOIS, NOMINATED TO BE AN ASSISTANT SECRETARY OF AGRICULTURE FOR FOOD AND CONSUMER SERVICES

Ms. BERTINI. Mr. Chairman, Senator Lugar, and members of the committee, it is an honor for me to appear before you today as President Bush's nominee to be the Assistant Secretary of Agriculture for Food and Consumer Services. I am also grateful to Secretary Yeutter for his confidence in me and look forward to serving, if confirmed, under his leadership.

I also appreciate Senator Dixon's availability today, and the kind words that he said about my nomination.

It is a special privilege to be nominated to be Assistant Secretary for Food and Consumer Services, with the responsibility to administer food assistance programs that provide access to a more nutritious diet for individuals and families with low incomes. I support President Bush in his commitment to those in need, and believe that the Nation's needy deserve the most nourishing food programs that we can devise.

I am particularly pleased to have the opportunity to build on the present operation of the Food and Consumer Services programs, that is, the Food and Nutrition Service, the Human Nutrition Information Service, and the Office of the Consumer Advisor, in consultation, of course, with Congress, with the States, with interested parties, and with recipients.

It has been my privilege to serve for the last 2 years at the U.S. Department of Health and Human Services, and prior to that as a Commissioner of the Illinois Human Rights Commission. I believe that these positions have helped me to gain a greater perspective and appreciation of the needs of the less fortunate, and how the Government can assist them.

If confirmed, I look forward to working with each of you on the challenges ahead. I will be glad to answer any questions you might have.

The CHAIRMAN. Thank you very much. Ms. Bertini, if you are confirmed by the Senate, will you faithfully execute the laws passed by Congress regardless of any prior statements you have made or biases you may have held?

Ms. BERTINI. Yes, Mr. Chairman.

The CHAIRMAN. If your nomination is approved by the committee and the Senate, do you promise to respond to requests to appear and testify before this committee, or any duly constituted committees of the Senate?

Ms. BERTINI. Yes.

The CHAIRMAN. The TEFAP program is required to purchase agricultural commodities and then distribute them to poor families. It has been one I have watched. I have gone to areas from inner cities to small rural areas where such foods are distributed.

There were 200 groups in my own State of Vermont—to put it in perspective, there are only one-half million people who live there—but they provide assistance to around 25,000 people a month, and there are 20,000 such groups nationwide, 15 million people who get helped by TEFAP.

The TEFAP program is due to expire with the farm bill. Speaking now just as one farmer, I would want the provision extended. How do you feel about it?

Ms. BERTINI. Senator, it has been a very important program. Obviously, as you mentioned, in Vermont and throughout the country, and we certainly will be looking at that, or I would be looking at that specifically, as one of the issues that we would need to address in working with the farm bill.

But I certainly think it is an important program. It is important not only to the people that it serves, but also to the industry as well.

The CHAIRMAN. But you don't really take a position, or the administration is not in a position to take a position as to whether it should be extended in the farm bill?

Ms. BERTINI. Well, I don't feel I can speak yet for the administration, sir.

The CHAIRMAN. Well, can I ask you this: Whatever course the administration takes, can I count on your assurances to be fully open with us on all information on facts, figures, numbers, usage and so on, of TEFAP?

Ms. BERTINI. Absolutely. In fact, Senator, if I can use that as an opportunity to tell you that I think that the best way to operate in a job like I might have is to be very open with folks who work on your staff, as well as others in the community who have something to offer to us in this process.

So I would envision a process where we would work cooperatively in every way possible.

The CHAIRMAN. Thank you. Yesterday I was up in Vermont and announced that we were the first State to develop a joint, one-page application for WIC and Medicaid; and then I went back and looked at other areas where there was the kind of bureaucracy that had food stamp applications that were over 30 pages long.

Now, you have worked with the AFDC program. Is it possible to cut redtape and coordinate food stamps with AFDC?

Ms. BERTINI. I believe we can, Mr. Chairman. In fact, Secretary Yeutter and I have talked about the importance of having better coordination among programs. I know from the perspective of a prospective client that it is sometimes mind-boggling to deal with all of the pages of information and all the different caseworkers for the various programs. I would hope my experience at HHS could help to bring more continuity in administration of the two programs. Or even more than those two programs.

The CHAIRMAN. The reason I ask this, to the extent possible I would like to have this committee—and it will depend upon our floor schedule—but I would like to have us start working on the noncommodity parts of the farm bill this fall, so that when we come back in in the second session of the 101st Congress we can work on the commodity parts.

And so, two of the areas, of course, that I would like to get started on now are TEFAP and food stamps. I ask that if you are confirmed that you get your proposals and the administration's proposals to us as quickly as possible, in those two areas, so that Senator Lugar's staff and my staff, and all of us, can start looking at that as quickly as possible.

Ms. BERTINI. I will do my best, Senator, to do that.

The CHAIRMAN. Thank you.

I noticed in your résumé that you worked for the Container Corporation of America for 10 years from 1977 to 1987, is that correct?

Ms. BERTINI. Yes.

The CHAIRMAN. Did you work for them when you ran for Congress in 1982?

Ms. BERTINI. I did. I took a leave of absence in April of 1982, and returned in late November of 1982.

The CHAIRMAN. So you weren't paid during that time?

Ms. BERTINI. No, it was an unpaid leave of absence.

The CHAIRMAN. I didn't think so.

Ms. BERTINI. Thank you, Senator.

The CHAIRMAN. Dick.

Senator LUGAR. Ms. Bertini, since 1982, the Department of Agriculture has distributed large volumes of Commodity Credit Corporation foods, as Senator Leahy has mentioned, to low income households, and these distributions have had a tremendous base of support in this committee and the Congress as a whole.

However, the law requires that the Department also should seek to prevent such distributions from displacing commercial sales. This is a problem of considerable difficulty, I appreciate, in the administration of the program.

For example, there has been concern expressed regarding displacement of margarine sales by butter distributions. The USDA has reported in the past the displacement of margarine sales by butter distributions approaches 100 percent, and it is estimated that 70 percent of margarine is made from soybean oil. In order to lay to rest any conflict of interest on my own I will indicate that soybeans are an important crop in the State of Indiana, as you know.

Thus, I am interested in the displacement question from both a parochial standpoint, of soybean displacement as part of margarine, but also in the overall problem that we face with retaining persons large and small throughout the country, in the administration of this program. I know that you are on the threshold of the administration, if confirmed, and presumably you would want to make certain that the law was maintained. I appreciate that this is a point of difficult friction between the genuine humanitarian effort, and yet a genuine concern on the part of small business people, both farmers and retailers, throughout the country.

I would ask simply if you would pledge to look into this matter, and to note what sort of displacement is involved, so as we discuss the TEFAP program, which I support and look forward to working with the chairman for that program as a part of our new legislation, we can assuage legitimate concerns and criticisms coming from people who feel that our effort is adversely impacting part of their sales and their livelihood.

Ms. BERTINI. Yes, Senator, I appreciate your raising that issue. I know it has been a sensitive issue, and I can assure you that I will look carefully to make sure that the statutory provisions are carried out.

Senator LUGAR. I thank you. I have two more such requests, really, for your consideration. As a part of the Food Stamp Act that passed last year, Congress inserted a provision revising penalties for trafficking violations. The prior law had mandated an automatic disqualification of food stores on the first occurrence of trafficking, no matter how small the offense.

The new law substitutes a graduated system of penalties, with monetary fines for the first and second violations.

In the law and legislative history, Congress asked that USDA give particular attention to the problems of multichain food stores, where employee managers are involved. The regulations published by USDA, and made effective on October 1, 1988, do not address the concerns of Congress on this issue.

Instead, they attribute any illegal activity of employees to the firm's management, even if an effective program and policy to curb trafficking is in place.

Would you look into this discrepancy, and indicate how the Office of Food and Consumer Service intends to resolve it, prior to the time this committee is asked to pass on your nomination?

Ms. BERTINI. Prior to the time the committee is asked to pass on my nomination? I am not sure if I can appropriately answer that by——

Senator LUGAR. I appreciate that point, and we have indicated that we are trying to accelerate this, so I will rephrase the request: indicate plans to resolve the issue as soon as you can following your confirmation, if confirmed. That may be a more practical timeframe.

Ms. BERTINI. Yes, Senator, again, this is another sensitive issue that you raise, and it is one that I can assure you that we will look at very carefully. In fact, I understand the staff at the Food and Nutrition Service has been meeting with the Senate staff members to talk about this just this week.

Senator LUGAR. Now, as a followup to that, when Congress enacted these amendments, disqualification of a store was not to occur if the store, in a multiunit chain, has in place an "effective program and policy to prevent or discourage trafficking."

Regulations pursuant to this legislation seem to envision retroactive determination of whether such a policy exists only after a violation occurs. It seems to me that the Department in its final regulations should state what constitutes an effective program and policy in advance, so that stores participating in the program will be encouraged to set up acceptable methods of preventing violations in the first place.

I would appreciate your looking into this additional facet. And it comes, at least, once again, from some experience in the field. I am aware of a situation in my State in which a food store in an inner city neighborhood has had an employee caught in trafficking.

The dilemma is, that if this particular store is closed in this neighborhood it will pose a very severe inconvenience to many hundreds of persons in that neighborhood, as there are no alterna-

tive options for their groceries, at least within a reasonable distance.

The management, as I understand it, at this facility is sensitive to the problem and the law, but I suspect others around the country have entered into similar dilemmas. I would appreciate, as one of your first orders of business, if you would look at these regulations, and see if you can sort out, at least, the equities that are involved.

First of all, the Congress mandated, and we wanted trafficking stopped; we wanted penalties applied, so that people would be responsible. Some of the effects of this have not been sorted through, I suspect, in the regulations, or in some cases the regulations haven't occurred at all, and if you would be helpful in this respect I would appreciate it.

Ms. BERTINI. I will certainly do that. And, Senator, you raise a very important point, because it is fraud in trafficking that we are trying to stop, and Congress, in its wisdom, has passed legislation that attempts to do that. We need to find methods to effectively enforce that law, at the same time still having outlets available that can effectively serve the public.

Senator LUGAR. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. I will keep the record open until the end of the day, in case anyone else would have any questions for you. Once that is done, we will bring the matter before the full committee, and I thank you.

I might say to Dr. Gardner, the light indicates there is a vote that has just started; we have about 13 minutes left.

I propose we go over and vote and then come right back.

I do not want you to think we have suddenly abandoned you.

[Brief recess.]

The CHAIRMAN. Dr. Gardner, please, will you raise your right hand?

Do you solemnly swear that the testimony that you shall give in this matter shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GARDNER. I do.

The CHAIRMAN. Dr. Gardner, I understand you have members of your family, or at least I hope they are your family, as they have been kind enough to sit through all this this afternoon.

Mr. GARDNER. Yes, this is my wife, Mary Ann.

The CHAIRMAN. How do you do?

Mr. GARDNER. May I say we have just celebrated a 25th anniversary lately.

The CHAIRMAN. Congratulations.

Mr. GARDNER. And this is our daughter, Sarah, a junior in high school.

The CHAIRMAN. Hi, Sarah.

Mr. GARDNER. And our son, Matthew, who is a sophomore at the University of Maryland.

The CHAIRMAN. It is good to have all of you here. I might also add that 2 years ago my wife and I celebrated our 25th wedding anniversary, and our children helped put together a great celebration for us. I remember it very, very well—one of the most pleasant

days I've spent since I've been in the Senate. The fact, we spent it in our home in Vermont may have something to do with that.

I am glad to have all of you here.

Dr. Gardner, do you have an opening statement you wish to make?

Mr. GARDNER. Yes, I do.

The CHAIRMAN. Please go ahead.

[The biographical information (public), financial data and conflict of interest (public), financial disclosure report of Mr. Gardner follow:]

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

September 28, 1989

Honorable Patrick J. Leahy
Chairman
Committee on Agriculture, Nutrition,
and Forestry
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

A copy of my SF 278, Financial Disclosure Report, required in connection with my nomination to serve as Assistant Secretary of Agriculture for Economics, has been submitted to the Office of Government Ethics. That report contained all required financial information for calendar year 1988, and for the current calendar year through July 21, 1989.

The Ethics in Government Act of 1978, as amended, also requires that I update certain of the information reported on the SF 278, i.e., that required by section 202(a)(1)(A) of the Act, respecting income (other than dividends, interest, rents, and capital gains) and honoraria, to a date which occurs five days before the date of the hearing to be held by your Committee to consider my nomination. The hearing to be held on my nomination is presently scheduled for Tuesday, October 3, 1989. The purpose of this letter is to report that, as of September 28, 1989, I have received no income or honoraria in addition to those categories and amounts of income shown on my Financial Disclosure Report as dated and signed on July 21, 1989.

I trust that this letter satisfies the additional applicable reporting requirements contained in the Ethics in Government Act.

Sincerely,

Bruce L. Gardner

BRUCE L. GARDNER
Assistant Secretary-Designate
for Economics

BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used).

   Answer: Bruce Lynn Gardner

2. Address: List current place of residence and office address (es). List all office and home telephone numbers where you may be reached.

   Answer:

   6313 Kirby Rd.
   Bethesda, MD 200817
   301-320-5614

   U.S. Department of Agriculture
   Office of the Secretary
   Washington, DC 20250
   202-382-9681

   University of Maryland
   Dept. of Agric. Economics
   College Park, MD 20742
   301-454-3801

3. Date and place of birth.

   Answer: August 31, 1942
   Woodstock, Illinois

4. Marital Status (Include maiden name of wife or husband's name). List spouse's occupation, employer's name and business address(es).

   Answer: Wife: Mary Agacinski
   Occupation: Homemaker, part-time
   secretary/administrative aide
   L'Academie de Cuisine
   5021 Wilson Lane
   Bethesda, MD 20814

5. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.

   Answer: University of Illinois, 1960-64, B.S. in Agricultural Economics, June 1964
   University of Chicago, 1964-68, Ph.D. in Economics, August 1968

6. Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college, include a title and brief job description.

1968-75 North Carolina State University, Assistant and Associate Professor of Economics, teaching and research in agricultural economics.

1975-77 Council of Economic Advisers, Senior Staff Economist, analyst of agricultural issues.

1977-80 Texas A & M University, Professor of Agricultural Economics, teaching and research in agricultural economics.

1980-81 University of Chicago, Visiting Scholar, Center for the Study of the Economy and the State, research on agricultural policy.

1981-89 University of Maryland, Professor of Agricultural Economics, teaching and research in agricultural economics.

7. Military Service: Have you had any military service? If so, give particulars, including the dates, branch of service, rank or rate, serial number and tuype of discharge received.

Answer: No.

8. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service grade levels and whether such positions were elected or appointed.

Answer: 1975-77 Council of Economic Advisers, Senior Staff Economist, analysis of agricultureal issues.

9. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.

Answer: County Agriculture Scholarship, University of Illinois
Ingersoll Fellowship and Ford Foundation Doctoral Dissertation Fellowship, University of Chicago
Alpha Zeta, Phi Kappa Phi, Gamma Sigma Delta (honorary societies at Univ. of Illinois)

10. Other Memberships: List allorganizations to which you belong, excluding religious organizations.

Answer: American Agricultural Economics Association
American Economic Association
International Agricultural Economics Association

11. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include on this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you could provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches yopu made during the past five years on issues involving agriculture, nutrition, foresty or commodity futures policy or related matters.

Answer: See attached list.

12. Health: What is the present state of your health?

Answer: Excellent.

A. Books

1. Books authored

Optimal Stockpiling of Grain, Lexington, Mass.: Lexington Books, 1979.

The Governing of Agriculture, Manhattan, Kansas: The Regents Press, 1981.

The Economics of Agricultural Policies, New York: Macmillan, 1987.

2. Books edited

U.S. Agricultural Policy: The 1985 Farm Legislation (editor), American Enterprise Institute, Washington, D.C., 1985.

Consensus and Conflict in U.S. Agriculture (co-editor, with J. W. Richardson), College Station, Texas: Texas A&M University Press, 1979.

3. Chapters in Books:

"Gains and Losses from Economic Growth in Rural Areas," in Benefits and Burdens of Rural Development, Iowa State University Press, 1970.

"Income Distribution Effects of the Major Federal Agricultural Commodity Programs in 1966," (with D. M. Hoover) in The Economics of Federal Subsidy Programs, Joint Committee Print, April 30, 1973, pp. 928-952.

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B. Articles in refereed journals:

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E. Other professional papers presented:

"Gainers and Losers from Historical U.S. Farm Programs," presented at a symposium on Agricultural Policy and the Public Interest, N.C. State University, March 1976.

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"The U.S. Experience in Crop Insurance Programs," (with R. Kramer), presented at US AID/IACA Conference on Crop Credit Insurance for Developing Countries, San Jose, Costa Rica, January 1982.

"Impact on Natural Gas Deregulation on the Farm and Food Sector" Natural Gas Supply Association and USDA-NRED, Feb. 1982.

"The Future of Agriculture in the Northeast," College Lecture, University of Rhode Island, April 1982.

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"Food Shortages and their Socio-Political Settings," presented at University of Dayton/Liberty Fund Conference on Individual Liberties in a World of Shortages, Dayton, Ohio, October 1982.

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"Instability as an Issue in U.S. Farm Policy," University of Arizona, Feb. 1984.

"Domestic Policy Options for Agriculture," Curry Foundation Conference on Agricultural Policy," March 1984.

"Market Failure in Agriculture: The Lack of Policy Implications," Hibbard Lecture, University of Wisconsin, April 1984.

"Commodity Program Options for 1985," Berkeley/RFF Conference on Agricultural Policy, Berkeley, Calif., June 1984.

"Policy Uses of Risk Management Research," Seminar on Economic Analysis of Risk Management, Charleston, S.C., March 1985.

"The Rationality of Acreage Limitation Programs," Don Kaldor Lecture, Iowa State University, April 1985.

"Economic Efficiency and Commodity Storage," Symposium on Economic Efficiency in Agricultural Marketing, University of Florida/USDA-ERS, October 1985.

"U.S. Agricultural Policy and Developing Country Agriculture," session of Allied Social Science Association meetings, New York, December 1985.

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"International Implications of U.S. Farm Programs," Snider Lecture, Purdue University, March 20, 1986.

"U.S. Farm Programs as Transfer Activities," Conference on Redistributive Activity and the Transfer Society, Liberty Fund, June 12, 1986.

"Concepts of Comparative Advantage Applied to Northeast Agriculture," Conference on Sunrise Agriculture in the Northeast, University of Maine, Oct. 20, 1986.

"Overview of Current Farm Programs and How they Relate to Futures and Options," USDA-ERS Symposium, Arlington, VA, May 1987.

"Possibilities for Reform of U.S. Farm Policies," US/USSR Economics Symposium, Tbilisi, USSR, Sept. 5, 1987.

"Implications of Agricultural Trade Liberalization for Developing Countries," U.S. AID, Washington, D.C., Oct. 15, 1987.

"Improving the Health of American Agriculture," Forum of the Philadelphia Society for Promoting Agriculture, Nov. 5, 1987.

"Protection of U.S. Agriculture: Who Gains?" RFF Conference on Protectionism in the Industrial World, Dec. 17, 1987.

"Summary and Reactions," with D. Sumner, ed. Agricultural Stability and Farm Programs, Westview Press, pp. 171-174, 1988.

"Domestic Policies to Make Trade Liberalization Politically Possible," International Agricultural Trade Research Consortium, Annapolis, MD, August 1988.

(with Earl Brown) "AGSEC: A Computer Simulation to Teach Agricultural Policy," Poster Session, American Agr. Econ. Assn. meetings, Knoxville, TN, August 1988.

"Recent Studies of Agricultural Trade Liberalization," XX Congress of the International Agricultural Economics Assn., Buenos Aires, Sept. 1988.

"Competitiveness of Maryland Agriculture," Governor's Conference on the Future of Maryland Agriculture, Baltimore, Nov. 10-11, 1988.

"Lessons from U.S. Direct Income Support and Decoupling Experiments," presented at Swedish Ministry of Agriculture Conference, Stockholm, Nov. 1988.

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?

   Answer: No. I plan to take leave without pay from the University of Maryland, and plan to return there.

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, incompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.

   Answer: None.

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation.)

   Answer: No.

4. Have you, or any partnership or closely held corporation in which you have an interest, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the past five years.

   Answer: No.

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or cosigned a note to the Farmers Home Administration? (If yes, give details of any such loan activity during the past five years.)

   Answer: No.

6. Have you, or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program? (If yes, give details.)

   Answer: No.

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government? (If so, explain.)

Answer: I want to continue my work with the American Agricultural Economics Association, of which I became President-elect last August.

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service? (If yes, give details.)

Answer: Yes. See Question 1.

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, please specify.)

Answer: Yes. Being on leave gives me the right to return to Maryland after completing government service.

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.

Answer: I own small amounts of stock of corporations that sometimes do business with the U.S. Government or deal in commodity markets, such as Quaker Oats and Ralston Purina. (See list for Confidential Question #6.) I believe that my interest is too small to be significant with respect to decisions that I could influence, but such conflict could conceivably arise. A more significant conflict could arise with respect to the family farm that my father owns. I have no current interest in it but very likely will inherit a one-fifth interest some day.

11. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

Answer: I would withdraw from participation in any decision that would involve conflict of interest, or else sell the asset that created the conflict.

United States
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

September 29, 1989

The Honorable Patrick J. Leahy
Chairman
Committee on Agriculture, Nutrition
and Forestry
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Dr. Bruce L. Gardner, who has been nominated by President Bush for the position of Assistant Secretary for Economics, Department of Agriculture.

We have reviewed the report and have obtained advice from the Department of Agriculture concerning any possible conflict in light of its functions and the nominee's proposed duties. The report is supplemented by the enclosed letter from the Designated Agency Ethics Official of the Department of Agriculture dated September 28, 1989. Upon confirmation, Dr. Gardner has agreed to divest of his holdings in International Multifoods, Quaker Oats, Ralston Purina and Weyerhauser in order to ensure that no actual or apparent conflict of interest will arise. In addition, Dr. Gardner will be on leave of absence from the University of Maryland without pay. In order to avoid any real or apparent conflict with his continued relationship with the University of Maryland, Dr. Gardner will recuse himself from involvement or participation in any particular matter that may affect the University of Maryland.

Based on the foregoing, we believe that Dr. Gardner will be in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Frank Q. Nebeker DAC

Frank Q. Nebeker
Director

Enclosures: As stated

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

September 28, 1989

Honorable Frank Q. Nebeker
Director
Office of Government Ethics
1201 New York Avenue
Washington, D. C.

Dear Mr. Nebeker:

Enclosed is a copy of the SF 278, Financial Disclosure Report, submitted by Bruce L. Gardner, nominee to serve as Assistant Secretary of Agriculture for Economics, which I have signed as this Department's designated official under the Ethics in Government Act of 1978. Also enclosed is Dr. Gardner's letter to you of this date which details the steps he intends to take in order to assure that no actual or apparent conflict of interest will arise between his personal financial interests and the duties he will perform if confirmed to serve as Assistant Secretary for Economics.

Based upon the information contained in his Financial Disclosure Report, and considering the steps he has agreed to take as outlined in his enclosed letter to you, I believe that Dr. Gardner's appointment to serve as Assistant Secretary of Agriculture for Economics will give rise to no actual or apparent conflict of interest under applicable laws and regulations.

Sincerely,

William J. Riley, Jr.

WILLIAM J. RILEY, JR.
Director of Personnel
and
Designated Agency Official

Enclosure

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

September 28, 1989

Honorable Frank Q. Nebeker
Director
Office of Government Ethics
1201 New York Avenue, N.W.
Washington, D.C.

Dear Mr. Nebeker:

The purpose of this letter is to detail the steps which I intend to take in order to assure that no actual or apparent conflict of interest will arise between my personal financial interests and the duties I will perform if confirmed to serve as Assistant Secretary of Agriculture for Economics.

I have served since 1981 as Professor of Agricultural and Resource Economics at the University of Maryland. If confirmed for the Assistant Secretary position for which I have been nominated, I will be on a leave of absence from the University without pay. I will retain my tenure, however, and my long-term employment relationship with the University. Therefore, in order to avoid any conflict of interest which may result from my continued relationship with the University of Maryland, I hereby pledge to recuse myself from involvement or participation in any particular matter which may arise within the Department of Agriculture during my tenure as an Assistant Secretary, which may involve or affect the University of Maryland.

I also hold a widely diversified stock portfolio. While my ownership interest in any single firm is modest in size, and while my portfolio is extremely diversified, I do presently hold interests in several concerns whose activities could well be affected by activities of this Department or by actions which I might take as Assistant Secretary for Economics. In order to avoid any conflict of interest, I have already sold my interest in Archer Daniels Midland. In addition, I hereby pledge to divest myself of my interests in International Multifoods, Quaker Oats, Ralston Purina, and Weyerhauser, upon my confirmation for the Assistant Secretary position.

I believe that the steps I have agreed to take, as outlined above, will serve to assure that no actual or apparent conflict of interest will arise between my personal financial interests and the duties I will perform if confirmed to serve as Assistant Secretary of Agriculture for Economics.

Sincerely,

Bruce L. Gardner

BRUCE L. GARDNER
Assistant Secretary-Designate
for Economics

SF 278 (Rev. 1/87)
FPM Chapter 735
U.S. Office of Personnel Management

Financial Disclosure Report

Form Approved
OMB No. 3209-0032

Reporting Status (Check Appropriate Box)		Agency Use Only	OGE Use Only	Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
☐ Incumbent	☒ New Entrant, Nominee, or Candidate ☐ Termination Filer		SEP 28 1989		

Reporting Individual's Name	Last Name: Gardner	First Name and Middle Initial: Bruce L.
Position for Which Filing	Title of Position: Assistant Secretary	Department or Agency (If Applicable): Agriculture
Location of Present Office	Address (Number, Street, City, State and ZIP Code): Dept. of Agricultural Econ., Univ. of Maryland College Park 20742	Telephone No. (Include Area Code): 301-454-0265 454-7796
Position(s) Held With the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held: None	

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Senate Committee on Agriculture, Nutrition, and Forestry	Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☒ No

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Bruce L. Gardner	7-21-89
Other Review (If desired by agency)	Signature of Other Reviewer	Date (Month, Day, Year)
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official	Date (Month, Day, Year)
The information contained in this report discloses no conflict of interest under applicable laws and regulations.	William J. Reilly Jr.	9/28/89
Office of Government Ethics Use Only	Signature	Date (Month, Day, Year)
	Frank Q. Nebeker	9/29/89

Reporting Periods

Incumbents: Complete Schedules A, B, C, and Part I of D. The reporting period is the preceding calendar year except for Part II of Schedule C and Part I of Schedule D where you must also include any positions held or agreements or arrangements made from the beginning of the filing year until the date you file.

Termination Filers: Complete Schedules A, B, C, and Part I of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination.

Nominees, New Entrants and Candidates for President and Vice President: Complete Schedules A (except for BLOCK D), C, and D. (Candidates do not file Part II of Schedule D.

- **Schedule A**—The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part I** (Liabilities)—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part II** (Agreements and Arrangements)—Show any agreements or arrangements as of the date of filing.
- **Schedule D**—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

NOTE: Typed entries on pages 9, 10, and 12 made 9/28/89 after consultation with Dr. Gardner. JMKelly

-11 change made to sched A pg 2 line 8 per telecon w/ Mike Kelly 9/29/89.

(Check box if comments are continued on the reverse side) ☐

PREVIOUS EDITION USABLE

278-1/8

NSN 7540-01-8[illegible]

74

SF 278 (Rev. 1/87)
Part Chapter 73
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0082

Reporting Individual's Name	Assets and Income	Page Number	2	Schedule A
Bruce Gardner				

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 received from the assets and other sources of income listed in BLOCK A. You must report the **actual amount** of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources			BLOCK B Valuation of Assets								BLOCK C Income															BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐			Category of Value (X)								Type of Income (X)							Category of Amount of Income (X)										If yes, complete Schd. B Part I for those assets including those sold for a loss.	
S or DC	Exam ples		None (or less than $1001)	$1,001-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000	Dividends	Rent	Interest	Capital Gains	Earned Trust	Qualified Trust	Other (Specify Type)	None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000	Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	YES	NO
		X Y Z Common				X				X									X							X	
		Doe Jones & Smith, Hometown, USA			X											partnership income								$50,000			
1		Chevy Chase Savings: Bank Account			X							X						X									
2		Ocean City Municipal Bond			X							X						X									
3		Westinghouse Common (DC)	X							X							X										
4		IBM " "	X							X							X										
5		McGraw Hill " "		X						X								X									
6		Alcoa "		X						X							X										
7		Amoco "			X					X								X									
8		Arizona Bond Midland Common	X[11]							X							X										
9		Barnes Group "		X						X							X										
10		Bausch & Lomb "		X						X							X										

PREVIOUS EDITION USABLE

Form 278 (Rev. 1/87)
Ethics Act Chapter 734
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0982

Reporting Individual's Name: Bruce Gardner

Assets and Income | Page Number 3 | Schedule A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

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BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets									BLOCK C Income														BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐	Category of Value (X)									Type of Income (X)							Category of Amount of Income (X)										If yes, complete Schd. B Part I for these assets including those sold for a loss.
S or DC /	None (or less than $1001)	$1,001-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000			Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000	Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	YES	NO
Examples: X Y Z Common				X						X									X							X	
Doe Jones & Smith, Hometown, USA			X													ptnrship income								$50,000			
1 Brandywine Wellington Common			X							X								X									
2 Chase Manhattan "		X								X								X									
3 Citicorp "		X								X								X									
4 Conway Mfgrs "		X								X								X									
5 Crane Co "		X								X								X									
6 Cross Clark & Seal "			X							X								X									
7 Deere "		X								X								X									
8 Digital Equip. "			X							X							X										
9 Duke Power "		X								X							X										
10 Eaton "		X								X									X								

Reporting Individual's Name: Bruce Gardner

Assets and Income

Page Number 4 | Schedule A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

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Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets	BLOCK C Income																				BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐	Category of Value (X)								Type of Income (X)							Category of Amount of Income (X)										If yes, complete Schd. B Part I for those assets including those sold for a loss.	
S DC / Examples	None (or less than $1001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000	Dividends	Rent	Interest	Capital Gains	Estate or Trust	Qualified Trust	Other (Specify Type)	None (or less than $101)	$101 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	Over $100,000	Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	YES	NO
Examples: X Y Z Common			X						X									X						--		X	
Doe Jones & Smith Hometown USA		X													partnership income									$50,000			
1 General Motors Common		X							X								X										
2 Hercules "		X							X								X										
3 Hewlett Packard "			X						X							X											
4 Ingersoll Rand "		X							X							X											
5 IBM "		X							X								X										
6 Int. Flavors + Fragrance "		X							X							X											
7 Int. Min + Chem. "		X							X							X											
8 Int. Multifoods "		X							X							X											
9 Int. Paper "		X							X							X											
10 ITT "		X							X							X											

278 (Rev. 1497)
Part Chapter 734
U.S. Office of Personnel Management

Form Approved
OMB No. 3206-0082

Reporting Individual's Name	Assets and Income	Page Number	5	Schedule A
Bruce Gardner				

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

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Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

S or DC	BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets								BLOCK C Income																		BLOCK D Transactions Test	
	Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐	Category of Value (X)								Type of Income (X)								Category of Amount of Income (X)										Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	If yes, complete Schd. B Part I for those assets including those sold for a loss.	
		None (or less than $1001)	$1,001-$3,000	$3,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000		Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify Type)		None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000			YES	NO
S or DC	Examples: X Y Z Common			X		X				X										X									X
	Examples: Doe Jones & Smith, Hometown, USA			X												partnership income											$50,000		
1	Eli Lilly Common			X						X									X										
2	Merrill Lynch "		X							X									X										
3	Minn Mining + Mfg "		X							X									X										
4	PPG Industries "		X							X									X										
5	Phelps Dodge "			X						X									X										
6	Pfizer "		X							X								X											
7	Procter + Gamble "		X							X									X										
8	Quaker Oats "			X						X									X										
9	Ralston Purina "			X						X									X										
10	Raytheon "		X							X								X											

278 (Rev. 1/87)
FM Chapter 734
U. Office of Personnel Management

Form Approved
OMB No. 3209-0006

Reporting Individual's Name: Bruce Gardner

Assets and Income | Page Number 6 | Schedule A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

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			None (or less than $1001)	$1,001-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000		Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust			None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000			YES	NO
S or DC	Examples	X Y Z Common / Dow Jones & Smith Hometown, USA			X	X					X							partnership income			X						-- / $50,000		X	
1	Schering Plough Common				X						X									X									
2	Syntex	"			X						X									X									
3	Xerox	"		X							X									X									
4	Allied Signal	"		X							X									X									
5	Am Tel + Tel	"			X						X									X									
6	Boeing	"			X						X									X									
7	Exxon	"		X							X									X									
8	Ford	"			X						X									X									
9	Comstock Bond Fund				X						X		X							X									
10	Tri Continental	Common		X							X									X									

278 (Rev. 1/87)
Chapter 734
U.S. Office of Personnel Management

Form Approved
OMB No. 3206-0082

Reporting Individual's Name	Assets and Income	Page Number	7	Schedule A
Bruce Gardner				

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

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S or DC / Examples: X Y Z Common; Doe Jones & Smith, Hometown, USA			X	X				X									X							--		X	
			X											partnership income		X							$50,000			
1 General Electric Company			X					X								X										
2 Sovran Fin. "			X					X								X										
3 Weyerhauser "		X						X								X										
4 Chemical Bank "		X						X								X										
5 Great Northern Nek "		X						X								X										
6 Schwab Money Market Fund		X								X					X											
7 University of Maryland														salary							X		93,000			
8 University of Nebraska														"									5,900			
9 Penn State Univ.														honorarium									200	4/17/89		
10 U.S. Dept. of Agriculture														consulting fee									550			

370 (Rev. 1/87)
5 CFR Chapter XIV
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0002

Reporting Individual's Name	Assets and Income	Page Number	8	Schedule A
Bruce Gardner				

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	X Y Z Common Doe Jones & Smith, Hometown, USA			X	X				X						ptnrshp income			X					$50,000	--	X	
1	General Accounting Office														consulting fee								2,500			
2	Michigan State Univ.														honorarium								250	4/27/89		
3	The World Bank														reading fee								600			
4	World Bank Econ. Dev.														"								125			
5	Cornell Univ Press														"								150			
6	The World Bank														consulting fee								500			
	L'Academie de Cuisine (S)														Salary											
8	Lehigh Univ.														payment for writing proj.								2500			
9	American Enterprise Inst.														consulting fee								2000			
10	National Planning Assoc.														payment for paper								2000			

SF 278 (Rev. 1/87)
5 Part Chapter 73a
U.S. Office of Personnel Management

Form Approved
OMB No. 3206-0087

Reporting Individual's Name		Page Number		Schedule
Bruce Gardner	**Assets and Income**		9	A

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BLOCK A — Assets & Income Sources

Identify each asset and income source of yours, your spouse(S) and your dependent child (DC).

NONE ☐

BLOCK B — Valuation of Assets

Category of Value (X)

BLOCK C — Income

Type of Income (X)

Category of Amount of Income (X)

BLOCK D — Transactions Test

S or DC	Examples	Category of Value (X): None (or less than $1001)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000	Type of Income (X): Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify Type)	Category of Amount of Income (X): None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000	Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	BLOCK D: If yes, complete Schd. B Part I for those assets including those sold for a loss — YES	NO
	X Y Z Common			X				X									X						--		X	
	Coe Jones & Smith Hometown USA			X										partnership income									$50,000			
1	The World Bank													payment for paper									2,000			
2																										
3																										
4																										
5																										
6																										
7																										
8																										
9																										
10																										

SF 278 (Rev. 1/7)
Part Chapter 73e
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0082

Reporting Individual's Name
Bruce Gardner

Page Number	10	Schedule B

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

S or DC	Example	Identification of Assets	Type of Transaction (X) Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (X) $1,001-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000
	Example	X Y Z Common	X			2/1/83			X			
1		Not Applicable - Nominee										
2												
3												
4												
5												
6												

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) in-kind gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. **Exclude** transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), **exclude** gifts from relatives and **exclude** gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE ☐

S		Source (Name and Address)	Brief Description	Value
	Example	Nat'l Assn of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$500
	Example	Nat'l Assn of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125
1		Not Applicable - Nominee		
2				
3				
4				
5				
6				

SF 278 (Rev. 1/87)
FPM Chapter 735
U.S. Office of Personnel Management

Form Approved
OMB No. 3206-0060

Reporting Individual's Name: Bruce Gardner

Page Number	11	Schedule C

Part I
Liabilities

All Filers: Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse or dependant child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out, loans secured by automobiles, household furniture or appliances, and liabilities owed to relatives. See instructions for revolving charge accounts.

NONE ☐

		Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (X) $10,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
S or DC	Examples	First District Bank, Washington, DC	Mortgage on rental property, Rehoboth Beach, Delaware	1981	13%	25 yrs.			X		
		John Jones, 123 J St., Washington, DC	Promissory note	1979	10%	on demand	X				
1		Merrill Lynch Corp.	borrowed against Stock	1987 1988	var.	n.a.		X			
2											
3											
4											
5											
6											

Part II
Agreements Or Arrangements

All Filers: Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

NONE ☐

	Status and Terms of any Agreement or Arrangement	Parties	Date (Mo., Yr.)
Example	Pursuant to partnership agreement, will receive capital account & partnership share calculated on service performed through 11/83	Doe Jones & Smith, Home town, USA	7/75 ptnership agmnt
	Leave without pay, retaining tenured faculty position	University of Maryland, College Park, MD	To be arranged

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SF 278 (Rev. 1/87)
Part Chapter 734
U.S. Office of Personnel Management

Reporting Individual's Name
Bruce L. Gardner

Form Approved
OMB No. 3209-0007

Page Number	12	Schedule D

Part I
Positions Held Outside U.S. Government

All Filers: Report any positions held during the applicable reporting period. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution.

Exclude positions with religious, social, fraternal, or political entities or those solely of an honorary nature.

NONE ☐

Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples: Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/82	6/83
Doe Jones & Smith, Hometown, USA	Law firm	Partner	7/75	11/83
University of Maryland	University	Professor	8/81	7/89
American Agricultural Economics Association	Professional Assn.	Director President-Elect	8/83 8/89	8/86 Present

Part II
Compensation in Excess Of $5000
Paid by One Source

Nominees and New Entrants only: Report sources of such compensation received by you or your business affiliation for services directly provided by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any nonprofit organization, when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

NONE ☐

Source (Name and Address)	Brief Description of Duties
Examples: Doe Jones & Smith, Hometown, USA	Legal services
Metro University (Client of Doe Jones & Smith) Hometown, USA	Legal services in connection with university construction
University of Maryland	teaching and research
University of Nebraska	conducting seminar series
WEFA, Inc.	economic research (on trade legislation)

TESTIMONY OF BRUCE L. GARDNER, OF MARYLAND, NOMINATED TO BE AN ASSISTANT SECRETARY OF AGRICULTURE FOR ECONOMICS

Mr. GARDNER. Mr. Chairman and Senator Lugar, it is a privilege to appear as President Bush's nominee to be Assistant Secretary for Economics. I appreciate Secretary Yeutter's confidence in me, and I look forward to working with him on the economics of issues in the problems facing agriculture.

If confirmed, I am also looking forward to working with this committee, and with your staff, on those issues.

My previous employment has been devoted almost completely to the economics of agriculture, and to improving the methods for carrying out the analysis of agricultural problems.

As spelled out in my background material, my career has been spent mainly at land-grant universities—most recently at the University of Maryland—and I have also worked for the Council of Economic Advisers and with the commodity organizations, and other rural and farm interest groups.

It looks as though the next year or so will be an extremely important period in agricultural policy decisions. The conjunction of the 1990 farm legislation and the GATT negotiations on agricultural trade, poses difficult choices, but at the same time offers a great opportunity for placing U.S. agriculture on a firm, sustainable economic footing.

I believe that no policy measure could do more for our farmers than achieving a level playing field for our commodities in international trade—that is, putting an end to the subsidies and import restraints in other countries, which have restricted access to markets abroad for our products.

Of course, gaining this access may involve policy adjustments of our own, which may not be easy. I think one of the biggest challenges we face is how to bring about national and international policies that will serve the best long-term interests of both agriculture and the economy as a whole.

If confirmed, I am eager to get started working in service of Secretary Yeutter, with you, Mr. Chairman, and with the other committee members and the committee staff, in attempting to deal with this issue and other economic problems facing agriculture.

The CHAIRMAN. Thank you very much, and the two basic questions, of course: If confirmed by the Senate will you faithfully execute the laws passed by Congress regardless of any prior statements you may have made, or biases you may have held?

Mr. GARDNER. I will.

The CHAIRMAN. If your nomination is approved by the committee and the Senate do you promise to respond to requests to appear and testify before this or any other duly constituted committee of the Senate?

Mr. GARDNER. I do.

The CHAIRMAN. Incidentally, I don't know when I have seen any bibliography of articles, chapters and books and reviews and everything else as long as the one you have submitted here. I would think that keeping the index to that would be about as difficult as anything else.

Do you have time for anything but the writings?

Mr. GARDNER. Are you referring to thinking? [Laughter.]

The CHAIRMAN. Well, you must write quickly.

Mr. GARDNER. Well, it has been a long time.

The CHAIRMAN. I understand.

Mr. GARDNER. It has been quite a few years.

The CHAIRMAN. In some of your earlier work you developed a way to calculate the optimal stock policy. For wheat it appears that the optimal number ranges between 400 to 800 million bushels.

Secretary Yeutter, though, has recently made some changes to the 1990 wheat program part to increase those wheat stocks.

I have been very, very concerned about global warming for a number of years now. I have held hearings on this issue, and have received a lot of data. Essentially the only data that we have at this point is from Norton Strommen, the Chief Meteorologist at the USDA. He suggests that we now increase variability in crop yields—corn in particular.

The question is, if we increase disparity in corn or wheat yields from one year to the next, what do you now think are reasonable stock levels for corn and wheat, and should we consider grain stocks policies as one way to react to global warming?

Mr. GARDNER. Well, on the optimal level I think it varies from year to year, and when I said 400 to 800 million bushels, that was done with reference to the 1970's, and with reference to the policies at that time.

I think the optimal level of stocks depends not only on natural conditions, but also on the policies you have to incorporate those stocks with.

With respect to global warming, the trend toward higher temperatures and whatever that does to average yields, isn't so relevant to stocks; but what is relevant is the point about increased variability, and it is quite true that the more year to year variability you have the more stocks you need. Of course, one has to look at the details of how much variability increase there is before——

The CHAIRMAN. Have you looked at it based on where we are today on this question?

Mr. GARDNER. No, I have not. I haven't looked at that.

The CHAIRMAN. I would urge that you do. I don't ask this as a question that I need an answer to before your confirmation. Please respond and let me know how you would feel today, in raising that same position as to optimal stock. You may well come out with exactly the same answer; I am not suggesting otherwise, but I would be interested in your own expertise in that—what you would see as optimal stock today.

Mr. GARDNER. I will do that, Mr. Chairman.

The CHAIRMAN. Now, the Economic Research Service employs almost 600 agricultural economists. How do you see the use of the economists, not on a day-to-day basis, but the longer term operation of the Department? That is an awful lot of economists, although most of the information just stays right there within the Department. Do you have any views on that?

Mr. GARDNER. Well, I have been trying to get a fix on exactly what goes on in the Economic Research Service as a whole. I have dealt with people there for many years, and I think actually, it is

not quite true to say that most of what they do stays within the Department. The Economic Research Service puts out a very large number of publications, and a lot of those 600 people are not doing, at least as far as I have been able to determine so far, a lot of day-to-day staff work, although, of course, some of them are. But a lot of the people there are involved in putting out publications that appear on a periodic basis that have been in place for years, and I would say that uses more of their effort than any other activity. They also have expanded areas they have been covering lately.

The CHAIRMAN. Well, I see that the ERS produces a long term outlook for the U.S. agriculture—they do that several times a year—and then ASCS, as they are doing the budget process, they also develop a long term outlook for agriculture, but that is the kind of information that tends to stay within the Department.

Should we give that information to outsiders of the Department? Or should we just tell the ERS, "We don't need you any more?" Is that how you would deal with that kind of information?

Mr. GARDNER. Well, I am not sure what the information is that stays within the Department or goes out, but as far as I know, the Economic Research Service's forecasts of the type that will be put out in the Outlook Conference that is coming up at the end of November, that is, in some sense, the baseline, which is the best information that the Department has, is published.

Now, some of these baselines that I——

The CHAIRMAN. What about the 5-year forecast? That is not published. Should it be?

Mr. GARDNER. I would have no reason to say it shouldn't be. I don't know what people have thought. I didn't know that it wasn't published.

The CHAIRMAN. You go down and ask them what they publish and what they don't, and then you and I might sit down and chat on those things that aren't published.

Mr. GARDNER. I would be glad to do that.

The CHAIRMAN. I don't know whether that really serves a great purpose in keeping them unpublished, or whether we might be better having them published, and having that part of the policy debate, both in the Congress and within the administration.

Mr. GARDNER. My general thought is that things should be published.

The CHAIRMAN. The USDA is prohibited by law from forecasting the price of cotton. Any reason why that law shouldn't be repealed in the 1990 farm bill? I hasten to add, this is not a parochial question—we haven't produced a heck of a lot of cotton in Vermont lately. [Laughter.]

Mr. GARDNER. Well, again, as far as the 1990 farm bill, generally, I don't think I should speak on where the administration would come out on it at this stage, but personally I don't see any problem with forecasting the price of cotton.

The CHAIRMAN. Dick.

Senator LUGAR. Thank you very much, Mr. Chairman.

Mr. Gardner, I am very pleased the President has nominated you. I admire your extraordinary academic career, and the chairman has already made reference to your books and articles, and

the contributions you have made to the public debate on various issues.

The staff has researched a number of these contributions over the course of time, which is always a dilemma for anyone who has published as much as you have.

But I was intrigued by the comments that you made in 1985, at the time that we were discussing the farm bill, in which you suggested that attempting to raise farm prices substantially by curbing production would be the biggest disaster that could come out of the 1985 farm legislation. This was a quote of the Associated Press on March 14, 1985.

You added that any sizable output controls would harm other farm sectors, particularly livestock, which uses grain as feed, it would harm international competitiveness, lower productivity, and generate a net loss to the U.S. farmers.

I appreciate that point as we come into this new debate, because clearly the committee has been trying to work very hard with grain farmers—in my State, whether they be corn or soybean farmers, or wheat, cotton and rice farmers, and others to develop programs for them that work. Frequently the committee has gone down the path of acreage controls, which of course is modified supply management.

We have not heard nearly as much as we should have, from cattlemen, hog farmers, and those who are involved in the livestock industry. In some years the livestock income in many States is equal to that of the row crops, and in some States, more so.

Would you like to comment on your current views at this point? The comment I quoted was made at least 4 years ago, in the context of a different farm bill. Have you revisited this issue, or do you have some thoughts with regard to supply management on any crop, or thought on other aspects of agriculture and parameters of policy we should adopt for the future?

Mr. GARDNER. Well, Senator Lugar, I think actually that the situation this time around seems to me even less favorable for a supply management approach than it was in 1985, mainly because of the international picture being even more important in terms of the signal that we would send if we incorporated any sustained kind of supply management.

I don't really object so much in these writings to the kind of supply management that is used temporarily to reduce stocks that have built up, or are unmanageable some other way.

But if we introduced a sustained supply management program now, it seems to me it would be a signal to the other grain producing countries that we were abandoning markets that, by comparative costs, should be ours.

Senator LUGAR. Well, as you know, this has been a fundamental debate in agricultural policy for a long time, at least during the years that I have listened to the debate before the committee.

Some producers in the country, and some Members of Congress, have felt that in the event that supply was reduced by governmental law—by the farm policy that we adopt—that necessarily price would go up. The calls of many people from time to time in public meetings are for a policy that does just that with the thought being that a fair price for a crop is not available, and that if the Govern-

ment rearranged policies it could be available, permitting a farm family to make a living at that price level.

From time to time critics of that idea have come in and pointed out it would be disastrous to our exports, but some have contended we ought to forget the rest of the world, forget the export business and sort of concentrate on the very large market here in the United States, here at home. They contend that we should manage our policies in a way that farmers make more money, and theoretically consumers pay more, but somehow would be pleased to do that in order to support the families who stay in farming.

I am not doing justice to the argument, but these are the basic elements of it. I suspect you have heard these arguments many times.

What is wrong with that argument?

Mr. GARDNER. Well, the argument, as I have heard it, goes the way you expressed it now; and I think what is wrong with it is that it can only work effectively for a quite short period of time.

I think events have shown, as our drought did during 1988, that if the United States reduces its output of grains for, say, a 1-year period, we can drive up world prices, and that would have some of these results that you are talking about that would be good for the farm sector.

The problem is that they can't persist very long, and if you try to simulate the effect of a drought every year, and reduce our supply permanently, we would not have these price enhancing effects to nearly the extent that we do for the short period, and we would find ourselves then with both a smaller output, fewer farms, less land in production, and not very much higher prices for the farmers.

So I think it would be a quite counterproductive approach if persisted in very long.

Senator LUGAR. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

I just had one other question. In August 1988 you wrote that, "The simplest way to attain a bottom line assessment, based on the data developed here, is to have the U.S. gains and losses, and choose the alternative with the largest sum. This would be a 'decoupled' payment plan."

Would it be your intention to push for decoupled programs for agriculture if you are confirmed?

Mr. GARDNER. Well, I like the word "flexibility" better today. I think I would like to see more flexibility, as I have heard Secretary Yeutter and many farm spokesmen say. I don't know that the pure kind of decoupled approach is feasible or even desirable as a long-term policy.

I like, personally, the way it was put in Senator Boschwitz' proposal a few years back, of payments being a kind of transition to a market oriented program. And so there are things about decoupling that I like, but I don't have such a strong agenda that I am going to push for that particular approach if confirmed in working with Secretary Yeutter. I will work with their team, and with your committee, and see what we come up with.

The CHAIRMAN. Thank you. Again, I may have questions for the record. We will keep this record open until the end of the business day today. I would urge, if you have any further questions please submit them. There will be one letter from the committee staff on investments. Give those responses back as quickly as possible, and as soon as the extra responses are back from the three nominees we have heard today, Dick, I will check with you on a time that works well with you, and we will schedule these nominations before the committee as quickly as possible.

Senator LUGAR. Great.

The CHAIRMAN. And then if you check with the Republican leader, I will check with the Democratic leader, and see about the floor schedule.

Senator LUGAR. Exactly.

The CHAIRMAN. Thank you.

We stand recessed. Thank you.

[Whereupon, at 4:10 p.m., the committee adjourned, subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

APPENDIX

QUESTIONS FOR HAROLD B. STEELE, SUBMITTED BY SENATOR SLADE GORTON, WITH RESPONSES

Question 1. Do you view the Farm Credit System as an integral part of the financing mechanism for agriculture in this country and, in your opinion, should it be maintained as such?

Answer. Since the establishment of the Farm Credit System it has played an integral role in being a stable source of credit for America's farmers and ranchers. If confirmed, I will do everything in my power to maintain that role.

Question 2. The Agricultural Credit Act of 1987 states that it is the policy of Congress "that the Farmer-owned Farm Credit System be designed to accomplish the objective of improving the income and well-being of American farmers and ranchers by furnishing sound, adequate, and constructive credit and closely related service to them, their cooperatives, and to selected farm-related businesses necessary for efficient farm operations." How will the FCA, under your chairmanship, carryout this congressional mandate?

Answer. As Chairman, I will do my utmost in carrying out this congressional mandate by promoting the safety and soundness of the Farm Credit System in order that it to continue to serve as a constructive credit source to farmers and ranchers, and their cooperatives.

Question 3. In 1985, Congress passed legislation to convert the FCA into a true arm's-length financial regulatory agency. I strongly supported that effort, but I am concerned that at times FCA has perhaps misinterpreted arm's-length to mean confrontational. It is my view that a regulator can be arm's-length, strong and effective, and yet work with the industry it regulates to see to it that the intent of the law be fully carried out. Do you agree, and what steps are you willing to take to ensure that FCA becomes a progressive, arm's-length financial regulator?

Answer. I agree that the FCA must operate as a strong and effective arm's-length regulator in order to carryout the intent of the law, and will take steps that will hopefully avoid any unnecessary confrontations with the institutions regulated by the agency.

Question 4. Perhaps all of us on this committee have heard from our constituents that FCA expects a timely response whenever it is asking for information, but that it is often tardy when granting approvals. As Chairman, how will you improve the responsiveness of the agency?

Answer. As Chairman, I will review the agency's process for granting approvals of items affecting Farm Credit institutions and will attempt to identify any area where the agency could improve its response time. I believe the FCA should thoroughly review approvals submitted and provide timely responses to any decisions required of the agency.

Question 5. Farmer-directors and loan officers have told me that there is too much paperwork involved in the examination of System institutions. For example, the regulatory requirement to get financial statements from the borrower every year when there is no credit statement action involving the borrower is considered to be excessive, especially when considering that the newly developed financial standards for the secondary market do not require such annual statements. Such requirements may have been appropriate several years ago when the farm economy was at its worst, but are probably no longer appropriate. First, would you agree with this assessment and second, would you be open to interjecting greater flexibility in regulatory requirements to allow the use of alternative methods in achieving the ultimate goals of the System?

Answer. I am not in a position to comment on the assessment of the paperwork burden you describe regarding the examination of System institutions and required annual financial statements, however, I would be open to review the possibility of providing more flexibility, including alternative methods, in the paperwork and regulatory requirements needed for the examination of System institutions.

QUESTIONS FOR HAROLD B. STEELE, SUBMITTED BY SENATOR PATRICK J. LEAHY, WITH RESPONSES

Question 1. What do you perceive your function to be as a member of a financial institution regulatory board?

Answer. As a prospective member of a financial institution regulatory board, I view my function to be to ensure that the mission of the Farm Credit Administration is carried out and that all statutory and regulatory requirements are met to the fullest extent possible.

Question 2. Do you believe in the mission of the Farm Credit System, and should it have a continuing role in serving farmers and their cooperatives?

Answer. I believe in the mission of the Farm Credit System and that the System continues to play an important and significant role in meeting the credit needs of American farmers and ranchers and their cooperatives.

Question 3. How far beyond statutory authority and questions of safety and soundness should the FCA go in approving or denying expanded lending or service authorities of System institutions?

Answer. I believe the Farm Credit Administration should follow statutory authorities in determining what expanded lending or service authorities should be granted System institutions and that the safety and soundness of any expanded authorities plays an integral role in the determination process. I do not believe the FCA can go beyond statutory authority in this area.

Question 4. Some have complained that FCA is a very costly regulator, when its cost of operations is compared to that of other financial regulatory agencies. Do you believe that is an area that deserves careful review by the FCA Board?

Answer. I believe the cost of operations of the Farm Credit Administration deserves careful review by the FCA Board and that as Chairman, I will do my best to see that the FCA is operated in the most cost effective manner as possible while providing for and fulfilling all requirements of law and regulation to promote the safety and soundness of Farm Credit System institutions.

Question 5. Have you had the opportunity to review and consider the Farm Credit System's proposal for the final solution to the Jackson liquidation, and if not do you plan on giving this issue the utmost priority as the new Chairman of the FCA Board?

Answer. I have not been privileged to review all matters and issues concerning the Jackson Receivership. I do plan to give the Jackson liquidation my utmost priority if confirmed as the new Chairman of the FCA Board.

Question 6. Under what if any circumstances would you endorse the triggering of the so called "joint and several" liability provisions which would require all System banks to pay for the default on the payment of bonds by other System institutions? Would this be a last resort type of action only after the insurance fund proceeds have been used?

Answer. It is my understanding that the triggering of joint and several liability will only occur after a default of a systemwide obligation and such action is required to remedy the default. Also, the invocation of joint and several liability is the only mechanism that is provided by statute for the agency to solve this problem regarding default of a systemwide obligation. Once the insurance fund is operational, it is my understanding that the law requires the use of the insurance fund to come before any invocation of joint and several liability.

Question 7. FCA is often referred to as an "arm's length" regulator. What does such a term mean to you?

Answer. The term arm's length regulator means effective implementation of the mission of the Farm Credit Administration, the promulgation of regulations to implement the law, and the promotion of safety and soundness of the Farm Credit System without the FCA involving itself in the day-to-day management and operating decisions of Farm Credit System institutions. The only time the FCA affects the management and operation of Farm Credit System institutions is through its examination process, regulatory controls, and legislatively mandated prior approvals of management actions.

Question 8. What do you envision your duties to be as the new Chairman of the FCA Board?

Answer. As Chairman, I view my duties to include the promotion of safety and soundness of Farm Credit institutions and to protect the interest of borrowers, stockholders, investors, and the general public. In addition, I also view my duties to include that the Board achieves its responsibilities for FCA policy, regulation promulgation, enforcement activities, and general oversight of agency operations. As CEO, my duties would include the day-to-day management of the agency and the directing of the implementation of policies and regulations adopted by the Board and the execution of the administrative functions and duties of the FCA. Finally, my duties would include the effective carrying out of the statutorily defined duties of Chairman of the Farm Credit Administration Board.

Question 9. In the past the Federal Reserve and others have advocated positions on issues that affect the institutions that they regulate. Do you see FCA taking similar stances such as on the tax status of System institutions?

Answer. I am not in a position to comment on the advocacy of any position the FCA may adopt concerning the tax status of System institutions, however, I plan for the agency to maintain an open process between FCA, System institutions, borrowers of the System, and the Congress whenever the agency develops positions on issues that affect institutions and their borrowers.

Question 10. What relationship will you establish between yourself and the Federal Assistance Board?

Answer. I will establish and maintain an open and constructive relationship with the Assistance Board and keep all channels of communication open so that decisions requiring interaction between the FCA and the Assistance Board can be effectively reached.

Question 11. If a PCA or an FLBA opts that for joint management instead of merger, is it your views that decision should not be the basis for FCA disapprovals on other business decisions, such as extensions of service territories? Should such PCA's and FLBA's be subject to the same standards on unrelated matters as if they had merged?

Answer. I am not in a position of being thoroughly briefed on FCA Board policies regarding "joint management instead of merger," or "the basis of FCA disapprovals on other business decisions such as extensions of service territories." If confirmed, I will plan to be thoroughly briefed by agency staff on these concerns and will be more than happy to discuss them with you at a later date if you so desire.

QUESTIONS FOR HAROLD B. STEELE, SUBMITTED BY SENATOR HOWELL HEFLIN, WITH RESPONSES

Question. Mr. Steele, there have been excessive delays in concluding the receivership in the Jackson district, which every day increase the costs of wrapping up the receivership. In fact, it is my understanding that the Receiver is costing the Farm Credit System about $5 to $7 million a month.

Also as we discussed in my office the FCA's dispute regarding the Jackson FICB has ended up in the courts. The farmers in my State who depend on the Farm Credit System are not well served as long as these matters go unresolved. Will you give a high priority to resolving these issues?

And, will you be willing to meet with the parties involved and consider innovation approaches, if that is what is needed, so we can put these issues behind us?

Answer. In preparation for my confirmation hearing as Chairman of FCA, I quickly realized that the situation in Jackson is one of the most important issues currently facing the agency. As I discussed with you during our meeting I have not been privileged at this time to all the varying issues, problems, and proposals concerning the Jackson receivership, but I will, if confirmed as Chairman, I will be fully briefed on the current situation and will do everything within my authority to strive toward a responsible solution to the situation and will give this task one if not my highest priority.

QUESTION FOR HAROLD B. STEELE, SUBMITTED BY SENATOR RUDY BOSCHWITZ, WITH A RESPONSE

Question 1. I'm aware of concerns about the regulatory expenses of the FCA. As you may know, I've contacted GAO to find out how the regulatory expenses of FCA compare to those of other financial regulators. Keeping in mind that ultimately the

farmer-borrowers are assessed to pay FCA costs, what are your views on the regulatory expenses of FCA?

Answer. I believe the cost of operations of the Farm Credit Administration deserves careful review by the FCA Board and that as Chairman, I will do my best to see that the FCA is operated in the most cost effective manner as possible while providing for and fulfilling all requirements of law and regulation to promote the safety and soundness of Farm Credit System institutions.

QUESTIONS FOR HAROLD B. STEELE, SUBMITTED BY SENATOR DAVID L. BOREN, WITH RESPONSES

Question. Mr. Steele, over and over again in the Agricultural Credit Act of 1987, Congress insisted that stockholders would have the rights to control the structure of their institutions. I have enclosed several examples from the 1987 act where we purposely specified that stockholders would have a right to consider these structural changes. Would you agree that these provisions clearly call for stockholder control?

Answer. I would agree that the 1987 act contains clear indications that Congress intended that borrower-shareholders have the right to vote upon fundamental changes in the structure of their institutions. This is evidenced both in the legislative history as well as specific provisions of the act itself.

Question. Mr. Steele, it seems that the Farm Credit Administration legal counsel has based its ruling on their interpretation of what we meant in the 1987 act. As a primary author of the bill and the chairman of the subcommittee from which it came at that time, I want to make clear our intent: stockholders should have the right to determine the future structure of their business organization. I urge you to take an independent look at the facts and to follow the law and our intention in implementing it.

Answer. If confirmed as Chairman, I will follow the law where the stockholders of Farm Credit institutions have the right to determine the future structure of their business organization. I also recognize that you played a key role in preserving shareholders' rights in the transformation of H.R. 3030 and S. 1665 into the 1987 act and are a significant source of information concerning interpretation of the act. Senator, I assure you I will take an independent look at the facts and keep an open mind.

Question. Mr. Steele, as you know there has been a proposal for a business relationship between the First South PCA in the Jackson district and the Wichita bank. This plan would have business benefits for other entities, and would mean that interest rates could be reduced to farmers and ranchers. That is a top concern of mine. Shouldn't FCA leave these business decisions to the System entities and regulate only the safety and soundness of these transactions?

Answer. I am not fully informed about the proposal for a business relationship between the First South PCA in the Jackson district and the Wichita Farm Credit Bank. The whole situation involving the Jackson FICB and the need to find an effective resolution to that issue as quickly as possible will be one of my top priorities if confirmed as Chairman. I can assure you that I intend to independently evaluate all issues involving this issue and, in particular, will carefully examine the facts and applicable law as it pertains to the future of the Jackson FICB. Any prior actions concerning this matter will be fully reviewed, and any final determinations by the agency will be based upon full consideration of all the factors including congressional intent under the 1987 act.

Question. The cost of the FCA has increased significantly in recent years. These costs are assessed back to Farm Credit System institutions and ultimately passed through to their farmer-owners. Are you committed to a fiscally conservative budget for the agency. What will you do to hold the line on costs?

Answer. I am committed to a fiscally conservative budget in order to keep costs to farmer-owners as low as possible. However, regulatory oversight and enforcement activities by FCA have increased, of necessity, in order to deal with the problems of the regulated institutions. As stated to Senators Leahy and Lugar on October 3, 1989, it is imperative that FCA continue to carryout its legislative mandate and fulfill the responsibilities given to it by Congress in order to have a strong and financially healthy Farm Credit System. With the passage of new regulatory and enforcement responsibilities FCA has had to dramatically increase the number of its examiners and other staff. I intend to adopt a management style that emphasizes effective performance by the agency of its role in an economically efficient way. Failure of the agency to perform effectively could in the long run be the most costly result for farmer-borrowers.

Question. Farmer-directors and loan officers say there is too much paperwork involved in the examination of Farm Credit System institutions. For example, the regulatory requirement to get financial statements from the borrower every year when there is no credit action involving the borrower is considered to be excessive, especially when considering that the newly developed financial standards for the secondary market do not require such annual statements. Such requirements might have been appropriate 2 or 3 years ago when the farm economy was at its worst, but are no longer appropriate. Other observers say that FCA regulations include too many required procedures, rather than stating a required objective with flexible means of achieving it. As Chairman of the FCA, would you be open to flexibility in regulatory requirements that would achieve the necessary and important goals of the regulations?

Answer. I am not in a position to comment on the assessment of the paperwork burden you describe regarding the examination of System institutions and required annual financial statements, however, I would be open to review the possibility of providing more flexibility, including alternative methods, in the paperwork and regulatory requirements needed for the examination of System institutions if so warranted.

QUESTIONS FOR HAROLD B. STEELE, SUBMITTED BY SENATOR KENT CONRAD, WITH RESPONSES

Question 1. FCA has failed to enforce the Agricultural Credit Act of 1987 with regard to individual cases. This problem is compounded by the court's ruling in the *Harper* case saying that farmers do not have a "private right of action" to enforce the law. This has left those parts of the act concerning borrowers' rights, restructuring, and stockholders' rights unenforceable. Each district can interpret the law as it sees fit in individual cases. FCA will only intervene if a "pattern" of violations occurs.

The Farm Credit System is adamantly opposed to giving borrowers a "private right of action" to enforce the law in the courts. But, Congress surely did not intend that the law be applied differently in each district.

How should the law be enforced? Should the courts have jurisdiction? Should the FCA get involved in individual cases to see that the intent of the law is enforced? It seems to me that if FCA made record of enforcement, districts would be much more likely to adhere to the letter and spirit of the law—what do you think?

FCA issued regulations to implement several important parts of the 1987 act which were identical to the language of the legislation including the borrowers' rights and restructuring provisions. This has allowed FCS districts to interpret the language of the law in their own way. Would you be willing to revise the regulations in light of nearly 2 years experience with the act in order to obtain a consistent implementation of the act? Would you be willing to have FCA develop model forms to promote consistency throughout the System?

Section 4.14A(i) concerning restructuring states that, "The Farm Credit Administration may issue a directive requiring compliance with any provision of this section to any qualified lender that fails to comply with such provision." Do you interpret that subsection to give additional authority to FCA to enforce that provision of the law, even giving the FCA the authority to intervene in individual cases?

Answer. The 1987 act contains specific provisions protecting borrowers' rights and providing for loan restructuring. As the primary source of credit for many farmers, Congress clearly intended Farm Credit System institutions to carryout specific requirements and procedures in dealing with the borrower and restructuring loans. The FCA has a regulatory responsibility to see that these provisions are carried out throughout the Farm Credit System. If individual institutions or districts are not complying with the requirements of the act, this should be corrected through enforcement activity. Although I have not had an opportunity to review enforcement activity on these matters it would not seem desirable to involve agency staff in individual disputes between borrowers and lenders. However, FCA should take steps to see that the statutory requirements are fulfilled.

The question of whether a private right of action by a borrower exists under the 1987 act to enforce borrower rights was considered in 1989 by the U.S. Court of Appeals for the Ninth Circuit in *Harper* v. *Federal Land Bank of Spokane.* The Court relying extensively upon the legislative history of the 1987 act concluded that there was no implied private right of action and reversed a lower court finding. The court concluded that allowing a private right of action undermines the primary objective of the 1987 act and would involve the Farm Credit System in costly litigation. Given

the state of the law in this matter it is important that FCA adopt and carryout regulatory and enforcement activities with respect to borrowers' rights which ensures that the requirements of the 1987 act are being fulfilled by lenders. To this end, I would support review of existing regulations to provide fairness and consistency throughout the system.

Section 4.14A(i) of the act concerning restructuring allows FCA to issue a directive requiring compliance with any provision of the section. It is my tentative view that this provision, which contains no requirements for notice or comments, should be used in connection with policy or regulatory matters and is not intended for use in individual disputes between borrowers and Farm Credit institutions. If confirmed, I shall ask agency legal counsel to review this matter.

Question 2. FCA's operating costs have not declined while System's loan volume and the number of institutions is down substantially. System institutions often feel that FCA interferes in day-to-day operations.

How will you reduce the costs of regulation and the interference in day-to-day operations?

Answer. When financial institutions are in trouble regulatory oversight and enforcement must increase rather than lessen. The effort which FCA must exert in carrying out its responsibilities is not necessarily a function of loan volume or number of institutions regulated. FCA must be an effective regulator and examiner. It should not involve itself in day-to-day operations. As the Chief Executive of the agency, I would intend to control costs consistent with fully carrying out the mandate of Congress. Failure of the Farm Credit System would result in an unacceptable cost to farmers and ranchers as well as the financial markets.

Question 3. The Jackson receivership is draining money from the System every day it is in operation. Delinquent borrowers should be restructured or foreclosed whichever will return the most to the System; former employees' pensions should be handled expeditiously; and other issues should be resolved. The receiver has no incentive to bring the receivership to a speedy end.

What would you do to bring the receivership to an end and limit the liability of the System? Would you support a System proposal to take over the receivership? If you would not support the current proposal, would you negotiate with the System to modify the proposal so that it is acceptable to FCA?

Answer. I agree that the Receivership in Jackson is one of the most pressing problems before the agency. I can assure you that if confirmed as FCA Chairman one, if not my first order of business, will be to completely review the situation and keeping an open mind to do everything within my power to bring the Receivership to a timely but responsible conclusion.

Question 4. What is your priority list of issues which the board must take up immediately—what issues cannot wait until a full board is in place?

Answer. I am not completely aware at this time of the many issues that are immediately before the agency or their priority. However, I believe, the Jackson Receivership, the Jackson FICB, the startup of the Insurance Fund, and the FCA budget need timely action. I am sure that there are both regulations and policies that must come before the Board that as you are aware has been without a quorum since January 1989.

Question 5. Because the FCA's sparse regulations concerning applications and procedures, each district established its own application forms and procedures for restructuring which, in turn, are often vague. Thus, it is unclear to borrowers what constitutes a complete application for loan restructuring and what is expected of them in the process.

As Chairman, would you support changing the regulations to provide more guidance to both the lending institutions and borrowers?

Answer. Respectively, I would refer you to my answer to the first question regarding new regulations.

Question 6. Lack of disclosure of district policies, and the formulas for calculating least cost option leaves the borrowers at a severe disadvantage.

FCA went so far as to state that there is no one list of items that objectively will be part of each and every application. This totally misses the point that applications and evaluations should be fairly consistent throughout the System. FmHA has developed a computer model to calculate their restructurings—there would seem to be no reason that FCA could not have required the districts to consider a list of basic items in their restructuring calculations.

Would you support such a requirement?

Answer. I recognize the arguments presented on both sides of this issue and would have to say at this time I have not reached a conclusive opinion. However, if

I become Chairman of FCA, I would be more than happy to review this issue with you in more detail after I have had the time to study it more thoroughly.

Question 7. The act requires the farmer to submit a "preliminary plan" in their restructuring application. Many offices treat the "preliminary plan" as the final plan and deny restructuring based solely on this plan. The borrower is put at a severe disadvantage if his "preliminary" proposal is treated as a final proposal since he does not even know the districts restructuring calculations or formulas.

Should the regulations be amended to include clear, uniform standards and procedures for the FCS restructuring process?

Question 8. If the borrower's application is denied, he has the right to appeal and have the decision reviewed by the Credit Review Committee. The review process has been troubled in these particular areas: FCS lenders refuse to make key disclosures necessary to the review process. The reasons for denial of an application are often not told to borrowers until the Credit Review Board meeting—this allows no preparation for defense or modifications of "preliminary" plan. This contradicts the act, but once again ambiguous regulations appear to be the culprit. The regulations require disclosure of reasons for denial, critical assumptions, and relevant information except that confidential information may be withheld. Critical information, *relevant information and confidential information* are not defined. Borrowers and lenders disagree on the definitions—the borrower loses. The borrower cannot negotiate intelligently without knowing the reasons a "preliminary" plan is unacceptable.

Would you support a change in regulations to clarify these definitions?

Question 9. FCA's regulations make it certain that the only thing reviewed at the Credit Review Board hearing is the loan officers decision on the borrower's "application". FCA regulations discourage Credit Review Boards from determining whether or not borrowers can be restructured *to benefit both the borrower and lender. Congress really intended for the Credit Review Boards to make a final decision on whether or not the borrower's loan is restructurable under the criteria.*

Would you support making the review process an advisory decision on whether borrowers can be restructured with the authority to order continued negotiations?

Answers to 7, 8, and 9. In response to questions 7 through 9 as they pertain to current FCA regulations on borrowers' rights which, it is my understanding, were adopted in final form by the full FCA Board. I hope you would understand that before I express to you a commitment for change in existing regulations, I first must thoroughly review the existing regulations and the record created which resulted in their adoption by the FCA Board.

QUESTIONS FOR HAROLD B. STEELE, SUBMITTED BY SENATOR TOM HARKIN, WITH RESPONSES

Question 1. You were Chair of the National Commission on Agricultural Finance. The Commission's report states that "Federal credit programs should be driven by financial considerations; their use as instruments of social change is undesirable."

a. Does this mean that there should be no SBA loans, no VA loans, no student loans?

Answer. No. These are vital and necessary Federal programs with important social consequences.

b. There is significant Federal involvement in the Farm Credit System precisely because of the assumed social good that flows from having adequate capital at fair rates for agriculture. If Federal credit programs are to be driven only by financial considerations, what justification is there then for the Farm Credit Administration, which you are to chair?

Answer. Institutions of the Farm Credit System are cooperatively owned by their borrower-shareholders and utilize the financial markets as the primary source of funds. In order for the System to continue to operate effectively and competitively, it is essential that it follow safe and sound financial business practices. FCA plays a key role in regulating and examining these institutions in order that they may remain financially healthy and effectively serve their farmer owner-borrowers. A sound Farm Credit System benefits not only its borrowers but agriculture in general, as well as investors in our financial markets.

c. What future and what role do you see for FmHA?

Answer. Based upon public information available to me it appears that the financial position of FmHA is at a very critical juncture. FmHA, as a Government direct lender, has changed its rules several times since first launched. Certain grants and forgiveness of loans as reported via the media would suggest a day of reckoning is

well on its way, no doubt requiring Congress to take action to resolve problems created by uncollectable indebtedness.

I would hope that a sizable member of creditworthy farmers and ranchers may be moved from FmHA to the FCS.

There remains the fundamental issue—should the U.S. Government continue as a direct lender in agriculture or assume a role as guarantor of agricultural loans of last resort? This is a policy question for Congress.

Question 2. The Commission's report states that "There is not evidence of a shortage of debt capital for American farmers who are creditworthy."

a. How would you define "creditworthy"?

Answer. I would define "creditworthy" as those characteristics demonstrated by a potential borrower which convinces a lender that the making of a loan is a prudent business decision. In making such decision, the lender would consider various information about the borrower such as management capabilities, financial history, personal character and reputation.

b. Would the standards of creditworthiness differ depending upon whether the lender is a public or private lender?

Answer. No, the credit standards should not differ but other factors may influence the lending decision by a public lender. Public, as well as private lenders, need to undertake sound and prudent business analysis. To do less could be irresponsible and endanger the financial well-being of all.

c. Does creditworthiness include such intangible factors as motivation, management ability, education and training and family support?

Answer. Yes, as indicated above.

d. In your opinion, could a borrower whose financial situation falls short of the standards issued by the Federal Agricultural Mortgage Corporation still be a creditworthy borrower for the Farm Credit System?

Answer. In many cases, probably not. However, there most likely will be situations where farm credit institutions after examining all factors will decide to grant a loan that does not conform to Federal Agricultural Mortgage Corporation standards.

Question 3. What would you do as Chairman of the Farm Credit Administration to encourage the Farm Credit System to address the special needs of young and beginning farmers?

Answer. As I understand the role of the FCA (bearing in mind that I have been a borrower and stockholder only), FCA should act as a facilitator or a friendly persuader as a primary tool to be utilized in influencing lending policy of the Farm Credit System.

Question 4. Section 10 of the Commission's report states that full ownership of the means of production is not necessary for viable farm production units.

a. The Farm Credit System has played a major role in helping farmers own land and other means of production. Does this conclusion of the report mean that the Farm Credit System should alter its policies and goals?

Answer. No. Reliable information shows that there would have been fewer farm financial failures if many farmers had not expanded by buying more land at high prices when their cash-flow for retirement of the debt was inadequate. Many farmers, including young farmers, are now looking for partners to invest in land and other capital assets used in agriculture in order to minimize financial risk.

I do believe there is a likelihood that additional equity capital will become a part of the financial picture in agriculture, and that the FCS needs to determine how that need can work to the advantage of FCS and its farmer-stockholders.

b. How will this conclusion guide your decisions as Chair of the regulatory body overseeing the Farm Credit System?

Answer. Management and members of the Boards of Directors of Farm Credit System institutions have been seasoned by difficult financial experiences in the late 1970's and early 1980's. One of the 12 Federal land banks failed. Some of the remaining Farm Credit institutions continue to have financial problems. A combination of poor credit decisions, unanticipated drops in commodities prices and production, and high interest rates were the primary causes of the financial crises in agriculture. The maxim, "once burned is twice remembered" has been and will continue to remind all parties to avoid repeating of past errors.

c. What impact would a trend away from individual ownership of farm assets, especially land, have on the Farm Credit System?

Answer. The continued lowering of the loan portfolio of land in the Farm Credit System could be injurious. Adjustments for this would have to be made in the delivery system. However, on a comparative basis this potential decline may be far less

injurious than a large number of high risk loans made to individuals who may not be able to service their debt as was the history in the late 1970's and early 1980's.

Question 5. Section 4.14A(i) of the Farm Credit Act of 1971, as amended by the Agricultural Credit Act of 1987, states that, "The Farm Credit Administration may issue a directive requiring compliance with any provision of this section to any qualified lender that fails to comply with such provision." Section 4.14A is the section of the law requiring System institutions to use their least cost alternative in servicing problem loans.

Do you interpret that subsection to give additional authority to FCA to enforce that provision of law, even allowing the agency to get involved in individual restructuring cases where necessary?

Under your leadership, would FCA issue regulations to implement this subsection by establishing a process for borrowers to use in bringing their cases before FCA?

Answer. I believe that section 4.14A(i) of the act clearly gives FCA the authority to enforce the requirements of the act through its examination and review of System institutions. As to whether it provides additional authority, at this time I can't give you a complete opinion on this issue.

It is my understanding that currently when borrowers contact the agency concerning a grievance concerning provision of the act with regards to borrower rights, the agency through its examiners review to see if there has been a violation of rule on law. If confirmed by the Senate as Chairman, I plan to carefully review this procedure and other agency practices to assure that the act and its intent are being fulfilled.

QUESTIONS FOR CATHERINE A. BERTINI, SUBMITTED BY SENATOR JESSE HELMS, WITH RESPONSES

Question 1. Is it your intention to move aggressively so food technology developments that offer improved nutrition will be made available to child nutrition programs at the earliest possible date?

Answer. I will make sure that the Food and Nutrition Service continually updates its policy and guidance materials to reflect changes in food technology developments.

I think it is important for the Child Nutrition Programs to have the most up-to-date information and products available for use and crediting in the school programs that reflect advances in food technology developments. I will review this issue with the Food and Nutrition Service early in my tenure.

Question 2. In recent years, the Department of Agriculture has insisted upon a sound scientific basis for its dietary guidance. This standard has minimized the risk of inaccurate advice, though it also effectively prevents the Federal Government from being at the forefront in providing new guidance to the general public. Do you agree that the Federal Government should have a sound, scientific basis for any dietary guidance it provides to the general public?

Throughout this century, the U.S. Department of Agriculture has been heavily involved in nutrition research and dietary guidance. In recent years, as the disease prevention aspect of nutrition has drawn greater attention, the Department of Health and Human Services has also become active in this field. Congress has repeatedly insisted that the Federal Government speak with one voice in providing nutritional advice to the American public. The Food and Agriculture Act of 1977 vests the Department of Agriculture lead agency responsibility for dietary guidance. Will you exercise the diligence and resolve necessary to assure the Federal Government speak with one voice on dietary guidance?

Answer. I believe that USDA policy decisions regarding dietary guidelines should be based upon sound scientific evidence. I am committed to working cooperatively with the Department of Health and Human Services on matters relating to dietary guidance. The Departments have worked together in the past on the issuance of dietary guidelines. I believe that my recent tenure at the Department of Health and Human Services will help build even stronger working relationships in the future.

I will work diligently to ensure that the Federal Government speaks with one voice on dietary guidelines.

QUESTIONS FOR CATHERINE A BERTINI, SUBMITTED BY SENATOR TOM HARKIN, WITH RESPONSES

Question 1. Do you envision increasing the efforts of USDA in the area of nutrition education and information for the general population?

Answer. I believe that an important part of our role is to promote nutrition information to the general population. I understand that the Human Nutrition Information Service already provides much nutrition education information for the general population. In addition, the Food and Nutrition Service, along with the Extension Service, provides nutrition education for recipients of the Child Nutrition Programs and the Food Stamp Program. It is an area of concern for me and if confirmed, I'll be carefully reviewing our efforts in this area to ensure that they are adequate.

Question 2. Will you undertake a serious evaluation of the quality and consistency of the information on human nutrition that the Federal Government provides?

Answer. Yes. If confirmed I will take seriously our role in providing the best, most current and most clear information available.

I will personally examine the Department's efforts to ensure that the Federal Government provides high quality and consistent information on human nutrition.

Question 3. What will you do to ensure that school lunch program meals are healthful and of high nutritional quality in light of current nutrition guidelines?

Answer. I will ask the Food and Nutrition Service to continually review and update as appropriate its guidance materials to schools to take into account current dietary guidance information. I understand that a new recipe file for the National School Lunch Program was distributed last year to all participating schools following a 5-year effort. Recipes were developed to provide maximum use of donated commodities with moderate use of added sugar, fat, and salt. In addition, changes have been made to specifications for donated commodities to reduce levels of the above nutrients to the extent practical. We need to continue to make progress in this area as more scientific evidence emerges regarding children's diets.

Question 4. Do you believe that hunger (including malnutrition) caused by poverty is a problem in the United States today?

Answer. Clearly, there are people who need food assistance in the United States. That is why we have the programs in place to help them. Our programs exist to help them to receive the food and the nutritional support necessary to lead healthy lives. I am committed to making sure that USDA had adequately funded programs in place to help low-income Americans.

Question 5. Do you think USDA can do more to increase access to Federal hunger and feeding programs by eligible needy individuals?

Answer. Improvements can always be made at the Federal and State levels to promote access to assistance programs.

The Federal food assistance programs provide an impressive level of support to eligible needy individuals. For example, the Food Stamp Program assists one in nine Americans over the course of a year and is the cornerstone of USDA's food assistance programs.

The School Lunch Program is available in almost all public schools and most students eligible for a free lunch participate. The Women, Infants and Children (WIC) Program through cost-containment and targeting now reaches almost all eligible infants and pregnant women.

I will be reviewing our efforts to ensure access to the Federal food assistance programs.

Question 6. Commodities purchased by USDA for use in the Child Nutrition Programs generally comply well with the Dietary Guidelines for Americans. However, commodities acquired by the Commodity Credit Corporation and eventually used in the Child Nutrition Programs generally fall short of the guidelines. During the past year, for example, USDA paid premium prices (8.25 cents a point) to acquire processed cheese rather than bulk cheddar cheese. Processed cheese had approximately one-third more sodium than cheddar cheese.

Are you committed to working aggressively within USDA and the Congress to assure the CCC acquisitions that will eventually be used in domestic feeding programs reflect the nutrition policy consensus for the Dietary Guidelines for Americans?

Answer. Yes, I am committed to working aggressively within USDA and with Congress to assure that, to the extent possible within the statutory constraints, the commodity distribution program safeguards the health and well-being of the Nation's children by purchasing a balanced mix of commodities intended for domestic

feeding programs. I will certainly take your concerns into account in administering the Child Nutrition Programs.

QUESTIONS FOR CATHERINE A. BERTINI, SUBMITTED BY SENATOR RUDY BOSCHWITZ, WITH RESPONSES

Question 1. By purchasing surplus commodities to stabilize depressed agricultural markets, USDA acquires food for nutrition programs such as the School Lunch Program. Because it utilizes agricultural commodities purchased by the Government to support agricultural markets, the School Lunch Program receives great support from this committee. Schools can enter into processing arrangements so that the commodities they receive will be processed into a product that is easily and readily used by the school. Would you please share with the committee your views on commodity purchases for school lunch and other nutrition programs and your views on the commodity distribution program. In particular, will you work for the broadest possible availability of commodity processing?

Answer. I am interested in seeing continued improvement in the efficiency of the food distribution program, both in meeting our farm program requirements and in responding to the preferences of the consumers we serve. This includes continued progress in the area of commodity processing.

Question 2. Earlier this year, several members of this committee wrote to Secretary Yeutter about the School Lunch Program. We expressed concern about possible cuts in the section 4 subsidy for the School Lunch Program. As you know, section 4 is the general assistance that is provided for each meal served. We reminded Secretary Yeutter that in the past Congress had rejected these proposed cuts based on evidence that without the subsidy schools would drop out of the School Lunch Program altogether. In those schools, poor children would not have access to affordable nutritious lunches. I am interested in your views on the section 4 subsidy for school lunch.

Answer. I understand that many people believe that section 4 payments do provide necessary funds to ensure that the School Lunch Program can continue to provide healthy meals to all schoolchildren. For the 1990 budget, President Bush restored the funds for section 4 that had been eliminated in the January budget.

I share the President's concern about the nutritional well-being of children and his commitment to provide nutritious school lunches to children. I am aware that safeguarding the health and nutritional well-being of the Nation's schoolchildren has been the primary reason for the existence of the program since its inception in 1946.

QUESTIONS FOR BRUCE L. GARDNER, SUBMITTED BY SENATOR PATRICK J. LEAHY, WITH RESPONSES

Question. If confirmed, will you divest yourself of all holdings of Deere Company, International Minerals and Chemical Corporation and International Paper Corporation stock?

Answer. Yes, if confirmed, I will divest myself of all holdings of Deere Company, International Minerals and Chemical Corporation and International Paper Corporation stock.

Question. Several times in the past, you have developed novel ideas on how to handle government agricultural policy. One of your earlier ideas related to the government use of options markets to support farm prices. That paper was written before working options markets were in place for agricultural commodities. Now that working agricultural options markets have been around for several years, do you still think the government should shift to options markets as a means of supporting farm prices?

Answer. There remain several obstacles to the use of options markets. First, such markets do not exist or are thinly traded for some important commodities. Second, the expiration date of existing option contracts are not far enough into the future that a farmer could ensure a market price 9 months or more ahead. Third, the target price protection that options would replace would under current conditions involve puts quite far in the money. Such puts would carry a large premium. How to get farmers to pay so much for price protection creates big, probably insuperable, problems. These and other obstacles could possibly be overcome, but I don't think the option approach is much closer to being a practical alternative than it was 10 years ago.

Question. In some of your past work, you have indicated that removal of government support would cost the agricultural sector over $16 billion. What do you consider to be an acceptable level of government spending in support of farm income and commodity prices?

Answer. The acceptable level of government spending seems to me almost entirely a matter of political as opposed to economic choice. The economic issue arises with reference to deadweight or efficiency losses that market intervention causes. As these get larger, and at an increasing rate, the larger the spending, but I am not able to say at what stage they become unacceptable; they should be as small as possible to achieve the levels the farm programs aim at

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QUESTIONS FOR BRUCE L. GARDNER, SUBMITTED BY SENATOR KENT CONRAD, WITH RESPONSES

United States-Canada Free-Trade Agreement (FTA)

Question. What is to prevent Canadian agricultural products from crossing our borders as the FTA takes effect while they continue to restrict U.S. exports to Canada?

Answer. Depending upon the commodity and the circumstances, the FTA allows the United States to increase the duty on the imports of certain Canadian agricultural products and impose quantitative restrictions on other Canadian agricultural imports. The United States has also reserved its rights under the General Agreement on Tariffs and Trade.

Question. What can be done about Canadian Durum wheat exports to the United States which has taken 13 percent of our market in recent years? At the same time as Canadians are shipping subsidized Durum wheat into the U.S. market, we are using EEP to export it. Does such a policy make sense? How can we change this situation?

Answer. The case of Durm wheat imports represents a set of unique and temporary conditions that existed prior to the implementation of the United States-Canada Free-Trade Agreement (FTA). Imports of Durm wheat from Canada started to increase in 1986/87, 2 years prior to the implementation of the FTA. These imports were in part the result of temporary shortfalls in U.S. production and tightness in U.S. market supplies. Since the implementation of the FTA the situation has significantly changed. In fact, lower imports of Canadian Durum wheat are expected in 1989/90.

Canada's Crow's Nest rail subsidy, modified under the Western Grain Transportation Act (WGTA) in 1984, has been in existence since 1897. The FTA prohibits export subsidies of all kinds with respect to trade between the United States and Canada. Furthermore, the FTA requires that Canada prohibit the use of WGTA subsidized rates for agricultural goods originating in Canada and shipped via west coast ports for consumption in the United States. What remains of the WGTA is a domestic subsidy which the United States is addressing in the current Uruguay round of multilateral trade negotiations.

Question. Canada does not allow our wheat products into Canada as long as our Producer Subsidy Equivalent (PSE) is higher than theirs under a formula in the FTA. The PSE used does not fully account for our set-aside programs, thus locking us out of the Canadian market as long as we have such programs. Is this fair to our farmers? I believe the FTA contains a bad mistake which penalizes our farmers in the Canadian market. Can you look into this issue? How is such a mistake going to be prevented from being repeated in the GATT talks where PSE's are supposedly going to be used?

Answer. The FTA does contain a credit for set-asides in calculating the U.S. PSE. Perhaps it is not large enough, and I would be glad if confirmed to look into this issue. In GATT the use of PSE's has not been determined yet, and it is important for our negotiators to obtain proper credit for set-asides.

Objectivity of USDA Agencies

Question. You are nominated to be the Secretary's chief economist and at the same time you administer agencies such as the World Board, the National Agricultural Statistics Service, and the Economic Research Service. On the one hand, you will be expected to provide policy advice to the Secretary and on the other, your agencies are supposed to be objective and provide economic analysis to the Congress, including this committee. We have seen examples in recent years where taxpayer

money was spent in agencies under your office for projects of which the results were suppressed. How are you going to deal with this problem?

Answer. I do not believe in suppressing results of analysis or information, and if confirmed will endeavor to make ERS and other agencies' findings available as widely as possible.

Question. What can you do to make analysis and research available to congressional committees, including this one? What will you do if we ask you and your agencies to analyze proposals that differ from what the Secretary or administration might want?

Answer. If confirmed, I will try to provide the best analysis possible of any proposals that congressional committees request.

Rural Development

Question. How can USDA help to restore prosperity to rural America? How can the agricultural research establishment help in this process? Are new mechanisms needed for rural development?

Answer. Rural development is a challenging issue on which the whole Department is attempting to develop new ideas. Rural America is not as dependent on production agriculture as it once was, and this limits the power of traditional commodity programs to provide an impetus to rural development, and this magnifies the need for innovative approaches.

GATT Talks

Question. On June 12, a letter from 15 Senators, including 5 members of this committee was sent to Secretary Yeutter asking a series of hard questions on the future of the U.S. sugar program (attached). The letter was sent after the administration's acceptance of a GATT panel ruling against the legality of our sugar program. Why hasn't this letter been answered and what is going to happen to our sugar program? EC sugar production has doubled since 1960 while ours has remained flat. What are we going to do in the GATT about the EC sugar program?

Answer. I have not yet been involved with day-to-day policy issues in USDA and can't answer your question about the letter to Secretary Yeutter and the sugar issues. I would be glad to look into the matter, if confirmed. Sugar should be negotiated in the GATT with as tough a position as we take on other commodities.

United States-Canada Free-Trade Agreement

Question. How are we going to reconcile the differences in U.S. and Canadian agricultural policies under the Free Trade Agreement?

Answer. To the extent that policy differences between the United States and Canada affect agricultural trade, the FTA provides forums through the establishment of working groups for both the United States and Canada to resolve such differences. Furthermore, the FTA provides for consultation and dispute resolution procedure to facilitate the resolution of differences that affect trade.

GATT Talks

Question. Should Europe be encouraged to build grain and land reserves instead of subsidizing the export of their surpluses? How can we formulate a farm bill to encourage the EC to change their program?

Answer. Europe's increased grain reserves and reduced cropland would be helpful to U.S. agriculture, of course. The best hope for changing their policies is the GATT. The farm bill can help by keeping market pressure on the EC.

Question. Given the strong linkage between the U.S. and EC farm program via trade, what are you going to do to account for EC policy decisions in our own farm program?

Answer. We should continue to respond to EC policies as we have been; that is, if they expand their export subsidies we should respond in kind to maintain our markets. We can also respond to unfair trading practices through GATT, and an improved GATT agreement would strengthen our ability to do this.

Question. We will have three possible scenarios with the EC in the next decade:

(1) The EC will continue its policy of high support and subsidized exporting of surpluses.

(2) The United States will find money or other means to continue to fight a trade war for the world markets.

(3) The United States and the EC will cooperate via the GATT to reduce support and move the EC farm program away from subsidized exports.

All of these possibilities require continuous joint analyses and examination of EC and U.S. farm program options. What are you going to do to accomplish this? How can U.S.-EC policy understanding and coordination be improved so that we can move toward mutual disarmament in the GATT trade talks?

Answer. There has been a lot of analysis of EC, U.S., and other countries' trade policies, and exploration of policy alternatives, in ERS and other economic agencies. But there could be more and better analysis, and I will, if confirmed, push to have more done and ensure its use in the GATT process.

Question. What do you realistically think can be accomplished in the GATT talks? What are we trying to accomplish in the GATT? Is totally free trade for agriculture the answer? What does free trade do to the level and stability of farm income?

Answer. I believe that the GATT process is too uncertain to permit any confident assessment of the outcome. But I think the best policy prospects for improving the health of American agriculture lie in the removal of trade barriers in foreign countries. GATT is the best hope of achieving this. Totally free trade would create many problems, possibly short-run income decline in some commodities and instability among them, but I have full confidence in the abilities of America's farmers to compete on a level playing field and freer trade would be good for both farmers and the economy as a whole.

Question. Given our budget constraints and large set-asides and land reserves, what motivation does the European Community have to seriously negotiate? Doesn't our current policy and budget constraints mean that we are disarming unilaterally in the GATT talks? How do we keep pressure on the Europeans without busting our budget or our farmers?

Answer. Our action through lower loan rates, EEP, and reduced ARP's pose a real competitive threat to the EC, and the possibility of mutual reduction in such activities is an incentive for them to negotiate. A move toward greater reliance on ARP's would indeed be counterproductive.

Question. What is your vision for U.S. and European agriculture in the next 10 years? Secretary Yeutter has said we are going to be writing both the U.S. and European farm bills at the GATT—well, what will they look like? What do we do if the GATT talks fail? What can we do to change the direction of the European farm program?

Answer. The main hope of changing Europe's programs is the GATT process. If GATT fails, we will be essentially under current conditions. The ideal joint U.S. and European situation would be a market orientation in which we obtain the export markets which our efficient producers will win on a level playing field, and the Europeans will be able to cushion the required adjustments in their high-cost agriculture.

Program Analysis

Question. USDA program decisions often seem to be taken with no analytical backup. Can you publish impact statements with every program decision, including the effect on farm income, farm suppliers and infrastructure, production and prices of other crops, the economies of rural communities, food prices, and the gross national product for each option under consideration?

Answer. The Department now publishes impact statements on major program decisions covering many of the items mentioned. However, there is certainly room for improvement in the level of analysis and the degree of detail made publicly available, and I plan, if confirmed, to attempt to make such improvements.

Question. There is little coordination between domestic and trade farm policy. Domestic policy is done in ASCS, trade policy is done in FAS, and the two often conflict. ERS, an agency under your command, does both types of analysis but doesn't appear to be involved at all in decisionmaking. ERS does commodity and trade analysis which duplicates work in other agencies which are responsible for policy decisions. Isn't this a duplicative waste of the taxpayer's money? What are you going to do to correct this situation?

Answer. Insofar as such duplication exists, I will attempt to eliminate it. But some apparent duplication is really cooperation with different agencies bringing different kinds of expertise to bear on an issue.

Farm Bill

Question. What is your vision for American agriculture in the next farm bill?

How do we keep farm program costs down while raising farm income in the next farm bill?

Answer. A main purpose of policy in the 1990 farm bill should, in my opinion, be to position American agriculture so it can be competitive in the international marketplace in the 1990's. This is a prerequisite to achieving the ultimate goals of the best farm income picture consistent with budgetary and environmental responsibility.

Question. How are we going to analyze and cope with environmental concerns in our farm programs? What are we doing to measure the impact of our farm programs on the environment? How can we judge the effect of new environmental rules on the farm sector?

Answer. This is a largely untried and untested area. The first order of business is obtaining reliable information on farm production practices, chemicals used, and relationship between production practices and the quality of the environment.

Question. How are farm groups going to be involved in the formulation of the bill? How can they gain access to the vast analytical resources of your agencies to help them formulate their policy positions?

Answer. The analytical resources of the economic agencies will be made available to the maximum extent possible to provide information and assistance to any farm groups or individuals concerned with 1990 farm bill options. If confirmed, I would be glad to meet personally with such groups and individuals.